FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,013 — Wednesday March 2 1983 — D 8523 B

Australia: Hawke, Fraser and the seven-year itch, P. 12

NEWS SUMMARY

GENERAL

UK coal strike call wins backing

Support grew yesterday in Britain for a nationwide miners' strike to support the South Wales miners' protest strike against the closure of the Lewis Merthyr Colliery.

Scottish and Kent union officials followed Yorkshire by calling for a strike from Monday. Nottinghamshire is to ballot members.

In the House of Commons, premier Margaret Thatcher said subsidies to cover mining losses in Wales were about £125m ($188m) a year. Page 8

Falklands move

UK Government expects shortly to announce the launching of a Falkland Islands development agency as a crucial step in the colony's future.

Egypt-Israel talks

Egypt and Israel resume talks today on the disputed Taba strip in Sinai, with the U.S. in attendance. Page 3

Generals step down

Israel's director of military intelligence General Yehoshua Saguy and the commander in Beirut at the time of the massacre of Palestinians, General Amos Yaron, have stepped down from their posts.

China protest

China has protested to the U.S. about remarks made by President Ronald Reagan that the U.S. would maintain Taiwan's defensive capabilities and would not improve relations with Peking at the expense of Taipei.

"Too many killings"

Bishop Cyprian Bamwoze of Busoga, near Kampala, Uganda, said he was "tired of burying people who are killed by gunmen" and that he had officiated at such funerals in the Idi Amin regime.

Lucky 13th time

Taiwanese bricklayer Hua Ting-Kuo, sentenced to death 12 times in nine years for killing his 86-year-old mother, was acquitted at the end of his thirteenth trial. His lawyers kept on producing new evidence that earned him retrials.

Kabul attacks

Afghan guerrillas mounted a rocket attack on the Soviet embassy and other bases, Western diplomats reported in New Delhi.

Dissident jailed

Soviet dissident Valery Senderov, who reported on discrimination against Jews, was sentenced to seven years in a labour camp and five years' internal exile.

River ferry sinks

Chinese river ferry carrying more than 200 sank in the west river near Canton. Early reports said only 76 were rescued.

Kampuchea offer

China offered to resume talks with Vietnam on improving relations, if Vietnam removed its troops from Kampuchea Page 3

Briefly...

Argentine President Reynaldo Bignone said elections would be on October 30.

Ten people were murdered in gangland-style killings, including two triple shootings, in southern Italy.

Iran asked 1.5m Afghan refugees to apply for identity cards.

President Abdou Diouf of Senegal was re-elected with an 86 per cent vote.

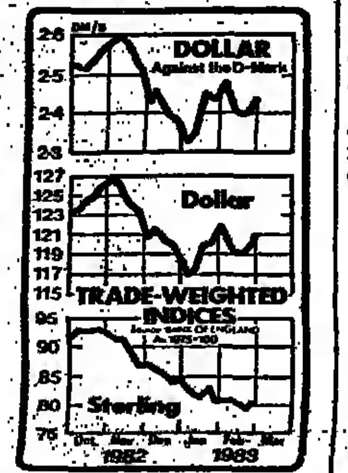
BUSINESS

German banks in shipyard rescue

● **WEST GERMAN banks**, headed by Bremer Landesbank and Commerzbank, have formed a consortium to rescue the country's largest shipyard, Bremer Vulkan, which employs 4,000, from the threat of bankruptcy. Page 14

● **DOLLAR** continued to rise, closing at DM 2.4395 (DM 2.431), FFr 6.919 (FFr 6.895), SwFr 2.0645 (SwFr 2.06), and Y238.7 (Y237.55). Its Bank of England trade weighting advanced from 120.6 to 121. Page 38

● **STERLING** fell to an all-time low against the dollar, despite Bank of England support, closing 85 points down at $1.5065. In New York, it closed at $1.5075. It fell to DM 3.6775 (DM 3.685), FFr 10.425 (FFr 10.445) and SwFr 3.1125 (SwFr 3.12). It was unchanged at Y360. Its trade weighting dropped from 80.2 to 80. Page 38



● **GOLD**: rose $5.5 to $418.5 in London, $5 in Frankfurt to $414.5, and $5.5 in Zurich at $415.5. Page 35. In New York, the Comex March settlement was $412.4 ($400.5)

● **LONDON**: FT Industrial Ordinary index gained 3.9 at 641.6. Government Securities showed modest decreases, Page 31. FT Share Information Service, Pages 36, 37

● **WALL STREET**: Dow Jones index closed 18.09 up at 1,130.71. Page 31. Full share listings Pages 32-34

● **TOKYO**: Nikkei Dow index dropped 96.72 to 7988.85, and the Stock Exchange index fell 55.04 to 587.14. Pages 31, 34

● **HONG KONG**: Hang Seng index gained 12.04 at 1033.58. Pages 31, 34

● **AUSTRALIAN** all-share index was 8.1 down at 490.7. Pages 31, 34

● **FRANKFURT**: Commerzbank index dropped 7.6 to 799.3. Pages 31, 34

● **SWITZERLAND'S** 1982 finance account finished with an unexpectedly low deficit of SwFr 424m ($205m)

● **WORLD BANK** is lending Electricidade de Portugal $146.4m to help complete eight hydroelectric schemes that will provide a third of the country's electricity.

● **BANK OF MEXICO** has announced a scheme to help public and private companies repay foreign debts. Page 4

COMPANIES

● **UNILEVER**, Anglo-Dutch food and industrial products group, raised pre-tax profits 1.9 per cent in 1982 at £722.6m ($1.09bn). Lex, Page 14; details, Page 18

● **DOME PETROLEUM** and affiliate Dome Canada have fixed a share price of C$25.625 ($20.867) for their 11m share offer of TransCanada Pipeline.

● **BANK OF AMERICA** has failed to take over the ailing Banco de Alicante, a move which would have enabled the U.S. bank to establish a full branch network in Spain. The Spanish concern is to go to the state controlled Banco Exterior.

Opec on verge of prices accord, claims Yamani

BY ROGER MATTHEWS AND CARLA RAPOPORT IN LONDON

A solution to the crisis over world oil prices is imminent, according to Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister. "We are on the verge of reaching an agreement," he said in an interview broadcast yesterday on French television.

Sheikh Yamani forecast that an extraordinary meeting of the Organisation of Petroleum Exporting Countries (Opec) could be held on "Saturday or next Monday."

He said that a majority of Opec's 13 members had agreed to a cut in the $34 a barrel reference price, "but not everyone." He added: "It is reasonable to think that an agreement can be reached."

Since Sheikh Yamani recorded tha interview on Sunday, talks are believed to have achieved further progress, but industry analysts say negotiations remain on a knife edge.

The Gulf countries remain deeply concerned at British production levels.

Opec ministers have been critical of Britain's reluctance to co-operate more fully on production and pricing to avert a collapse of oil prices. The Department of Energy is understood to be firmly against regulating production of North Sea crude, but it now appears that the issue is with Mrs Margaret Thatcher, Prime Minister.

Under depletion measures drawn up in 1974 – the so-called "Varley Assurances" – the British Government had the option to restrict the output of individual fields by up to 20 per cent. This option is still technically valid, but Mr Nigel Lawson, Energy Secretary, has previously indicated that he does not want to use it.

British production in the North Sea is running at about 2.2m barrels a day (b/d) while consumption is thought to be about 1.3m to 1.4m b/d.

Executives at major oil companies yesterday confirmed that there should be room for some reduction in North Sea production without causing too much pain for the companies. "It might be important to help out at this stage if we want to keep prices from going through the floor," one official said.

Sheikh Yamani's optimism was echoed by Dr Humberto Calderón Berti, Venezuela's Oil Minister. He said: "It appears that we are coming close to an agreement on prices as well as production levels, but I think a few more contacts are necessary and these will be held in Europe."

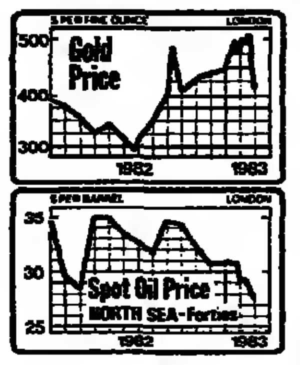
He added: "The results of talks we have held with the governments of Britain and Norway have been positive." Mexico, which, like Norway and Britain, is not an Opec member, had adopted a very positive attitude and "frankly is quite close to Opec's position."

The Opec agreement calls for a $4 reduction in the reference price to $30 and a quite ceiling of 17.5m b/d.

Michael Holman writes: All oil producing states must agree on production quotas "for the next year or two" or face a price collapse, Mr Mallam Yahaya Dikko, Nigeria's oil minister, warned in a speech reported in Lagos yesterday.

Mr Mallam Dikko, who is also president of Opec, is due in Europe later today. In the toughest statement to date on his country's oil policy, be made clear that Nigeria was determined to maintain the competitiveness of Bonny light in relation to North Sea crude.

Energy Review, Page 4; Stock markets, commodities and money markets, Section III



Bullion bulls led to slaughter

By Jeremy Stone in London

GOLD BULLION dealers at least are brutally clear about the nature of their market.

As one dealer said: "Whatever view they had 10 days ago has been butchered – the market had got used to living in hope of a rise to $600, but now they have to sell at $395."

The market is now almost entirely speculative, so thet sudden reversals of sentiment make it move. The underlying balance of industrial demand with the supply of newly-mined metal is currently almost an irrelevance.

Since last Friday, when gold closed in London at $463½ an ounce, gold speculators have had their fingers charred. Friday's late trading in New York reflected growing fears that gold – a non-income bearing inflation hedge – might be the wrong bet against competitive oil price cuts and reduced inflation.

As the market became convinced that drastic oil price cuts were imminent, gold began to look less attractive. Cheaper oil was seen as likely to cut inflation rates, making holding gold as a store of value less advantageous.

It also raised the spectre of oil producers selling their gold reserves.

Selling drove the price down through $460 – a "support level" according to most "chartists." Then there was more selling left over from New York to emerge in Far Eastern markets when they reopened after the weekend.

In Hong Kong on Monday morning, the price was below $400, setting a benchmark for dealing in Europe and the U.S. later.

It was only when New York prices had followed suit and Hong Kong had fallen still lower yesterday morning – with deterrent $10 dealing spreads and a bottom quote of $385 – that buyers began to re-

Continued on Page 14

Commodities Page 35; Money Markets, Page 38

EEC to press for Polish rescheduling

BY JOHN WYLES IN BONN

THE EUROPEAN Community wants to step up pressure on Poland to negotiate the rescheduling of the $14bn of its foreign debt guaranteed by Western governments.

EEC foreign ministers, meeting in Bonn yesterday, concluded that their governments' refusal to discuss rescheduling in retaliation for the declaration of martial law in Poland in December, 1981 may have eased, rather than added to, the problems of the government of General Wojciech Jaruzelski.

Poland has made no payment at all on its official debt since the end of 1981. Payments due on its private debt this year are, however, being rescheduled through argreements with creditor banks.

The European governments will now discuss with other creditor countries – notably the U.S. – whether to seek rescheduling talks with Warsaw.

Mr Douglas Hurd, Britain's minister of state at the Foreign Office, described the present de facte moratorium on Poland's official debt as "slightly absurd."

The 10 wanted to change the situation so that "it makes economic sense and sends the right signal," he said.

Officials travelling with Mr Hurd were unable to say how much Poland's non-payment of interest and principal on its official debt had cost the British or other governments as guarantors of the loans.

Nor could they say how long it would take to establish a commoo position between the European and other creditor governments.

● Brazil is threatening to halt exports of iron ore and agricultural products to Poland as a result of the deadlock in talks currently being held in Brasilia on the repayment of Poland's $1.6bn debt to Brazil.

After the first day of talks with a Polish delegation led by Mr Andrey Dorsz, the Deputy Minister for Foreign Trade, Sig Carlos Viacava, a senior Brazilian Finance Ministry official, said: "Brazil cannot finance (Polish trade) any more, and they say they can't pay anything."

Yesterday's discussions on east-west relations by EEC foreign ministers revealed some strengthening optimism about a successful conclusion by the end of this month to the Conference on Security and Co-operation in Europe which was stalled for most of last year by the Polish crisis.

M Claude Cheysson, the French Foreign Minister, who has recently been in Moscow, and Sig Emilio Colombo, the Italian Foreign Minister, are said to have pointed to signs thot Moscow may be ready to take a more flexible line ot the Madrid conference which has been trying to negotiate east-west agreements on human rights and on the terms for a conference on disarmament in Europe.

Kuwait to buy Gulf Oil assets in Scandinavia

BY CARLA RAPOPORT IN LONDON

KUWAIT PETROLEUM is planning to buy the refining and marketing assets of Gulf Oil in Sweden and Denmark in a deal believed to be worth more than $200m.

The deal comes only a few weeks after Kuwait Petroleum agreed to buy Gulf's refining and marketing assets in the Benelux countries and will significantly consolidate Kuwait's position in European petroleum product markets.

The move has been greeted with dismay by the other major oil companies operating in Europe, notably Shell, who fear that the losses they are already suffering on their downstream operations may be deepened by the arrival of a competitor with access to cheap crude oil.

The assets which the government-owned company plans to buy include 544 petrol stations in Sweden, which supply about 10 per cent of the petroleum products market in that country, and 274 stations in Denmark, which supply about 7 per cent of the Danish market.

Gulf's refineries were included in the Benelux deal, and it is understood that the company's 83,000-barrel-a-day refinery in Denmark is also part of the deal. Gulf would not comment yesterday on the terms of the agreement.

Gulf announced last year that it intended to sell its loss-making European refining and marketing operations and had been initially negotiating a deal for all the assets with Kuwait Petroleum. Subsequently is has made the two separate deals with Kuwait and sold its Swiss operations to a Shell subsidiary. Only its UK and Italian operations now remain to be sold.

Kuwait has been increasing its own domestic refinery capacity, so the European markets will provide a welcome outlet for these products. At the time of the Benelux deal, Kuwait Petroleum said it would continue to provide Gulf hrand products for a few years prior to the introduction of its own brand. The same arrangement will apparently hold for Sweden and Denmark.

Oil analysts suggested yesterday that the deal would help ease the pressure of falling oil prices for Kuwait, as the expanded refining and marketing operations could reap some benefit from a lower oil price.

Kuwait has been aggressively building up its presence in Western markets over the past 18 months. In late 1981, Kuwait Petroleum hid successfully for Santa Fe International, the U.S. oil drilling exploration and services company and in the past year it has expanded the activities of the California subsidiary substantially.

The Kuwait Investment Organisation has bought small stakes in a number of European and American groups notably Hoechst, the West German chemical company in which it now has a 24 per cent stake.

Brazil given time to meet trade target

BY ANDREW WHITLEY IN BRASILIA

BRAZIL has gained a six months' grace period to get its external trade back on target following Monday's approval by the International Monetary Fund (IMF) of loans totalling $5.4bn, Sr Antonio Delfim Netto, the Planning Minister, and "economic overlord" said yesterday.

"We shall have to wait until April or May to see how the trade balance is going", he said. However, he believed it would not be particularly difficult to reach the target of a $6bn trade surplus this year.

The IMF endorsement of the rescue programme followed last Friday's signing of agreements with Brazil's commercial bank creditors for $4.4bn in new money and the rolling over of $4bn in debt principal falling due this year.

Still further help for the hard-pressed Brazilian economy is likely to come from the World Bank, according to Sr Jose Botafogo Goncalves, a senior Planning Ministry official. Agreement in principle has been reached oo the provision to Brazil this year of additional loans totalling $800m, specifically to compensate for the shortage of local funds created by the country's stringent monetary restrictions.

Sr Goncalves said the World Bank would be lending to support particular sectors, such as agricultural investment and export finance, rather than previously ident-

Continued on Page 14

Japanese finance for Brazilian steel mill, Page 16

Nissan agrees robot deal with workers

BY CHARLES SMITH IN TOKYO

NISSAN Motor yesterday became the first company in Japan to sign an agreement guaranteeing employees against dismissal or demotion resulting from automation and the introduction of robots.

The agreement follows 18 months of negotiation between Nissan and the company union.

The demand for a written agreement safeguarding employees against the effects of automation was made in August 1981 by Mr Ichiro Shioji, president of the Nissan union.

The agreement promises that Nissan will give the union a draft programme for the "robotisation" of its Japanese plants and an assessment of the impact on employment. Discussions will then take place between Nissan management and union leaders.

The agreement stipulates that union members will not suffer any loss of status or pay as a result of automation.

Nissan's management said yesterday that the agreement set out in writing procedures followed since the company started installing robots in its Japanese plants about a decade ago.

Nissan union leaders appear to accept that the company has "played fair" in handling employment problems arising from automation.

They believe, however, that such problems could rapidly become more acute since motor vehicle production in Japan is not expected to increase greatly over the next few years.

Japan's robot boom falters, Page 22

VW in 4% wage accord

By Jonathan Carr in Bonn

VOLKSWAGEN negotiators agreed yesterday to wage and salary increases of 4 per cent for 118,000 employees, covering 15 months from February 1.

It is the first major agreement in this year's West German wage negotiations and involves a compromise formula which could set the pattern for moderate settlements throughout industry.

Triumphant members of the IG Metall metalworkers' union said they had achieved their object of a wage rise compensating for the inflation rate – likely to be about 4 per cent this year

The VW employers insisted they,

Continued on Page 14

Record BL orders, Page 8

CONTENTS

EUROPEAN NEWS

Brandt fears for Ostpolitik if Kohl returned

BY JAMES BUCHAN IN BONN

HERR WILLY BRANDT, chairman of the West German Social Democrat Party, said yesterday that he believed the ruling conservative-liberal coalition would break with past policy on East-West relations were it returned to power at next Sunday's election.

In a conversation with correspondents, he also sounded considerably less optimistic about the election result than Herr Hans-Jochen Vogel, the Social Democrat (SPD) chancellor candidate. His remarks coincided with a surprising opinion poll which gives the Christian Democrats (CDU) and Christian Social Union (CSU) an absolute majority of a *four-party* Bundestag, and only 37 per cent to the SPD.

Herr Brandt, whose period as chancellor in the early 1970s saw the development of Bonn's so-called *Ostpolitik*, said he "no longer believes in continuity" from Chancellor Helmut Kohl's coalition. Recent statements by Herr Franz Josef Strauss and Herr Friedrich Zimmerman of the CSU "contributed to burdening and isolating the federal republic."

He criticised Herr Strauss for calling, in his words, for the "psychological preparation" of the West Germans for the stationing in the country of new U.S. nuclear missiles. The missiles, which are to be installed should current U.S.-Soviet talks fail, would increase the risk of "decoupling" Europe from the U.S. and the danger of war limited to the Continent, he said.

He gave the small Free Democrat Party, which is a member of the government coalition and fighting for the 5 per cent necessary for parliamentary representation, "A better chance than four weeks ago." If the FDP does get in, it is almost unthinkable that the present coalition will not continue in office.

WEST GERMAN ELECTIONS

March 6

KREMLIN INDICATES DETERMINATION TO FIGHT ON

Moscow's long haul in Afghanistan

BY ANTHONY ROBINSON IN MOSCOW

SOVIET press accounts of the heroic death in Afghanistan of a Soviet soldier, of bombs hurled in Kabul markets and ambushes in the Afghan countryside reveal a decision by the Soviet leadership to give greater publicity to the "internationalist duty" being carried out by Soviet forces there.

But the increasingly explicit accounts of the soldier's life carry no hint that the military, economic or political costs of the three-year guerrilla war are such as to justify the withdrawal from Afghanistan of all or some of the 105,000 Soviet troops. Indeed, the concluding sentence of a recent graphic article in the army newspaper, Red Star, stated bluntly: "There is no other path for the Afghan people than the straight and difficult road on which they have embarked, in the full knowledge that their powerful northern neighbour, the Soviet Union, is always ready to render help and support."

If anything, the chances of establishing in Afghanistan a pro-Soviet regime, without Soviet troops to back it, are almost certainly less after three years of bitter fighting. Unofficial Soviet sources believe that the absence of an authoritative and representative leader or party to succeed the present Soviet-backed regime of Mr Babrak Karmal is one of the main arguments for a prolonged Soviet military presence. Without this, any withdrawal of forces would plunge the country into a chaos even more alarming and damaging to Soviet prestige than its military presence.

The Soviet Union and China launched a new round of talks on improving bilateral relations in Moscow yesterday, as Peking unveiled proposals to end the conflict in Kampuchea, Reuter reports. The talks where at deputy foreign minister level.

The Soviet media made no mention of their start, in keeping with the low-key approach by both sides, nor has either said whether it expects anything from the discussions, which follow an initial three-week meeting in Peking last October, and are expected to last for about the same time.

Western diplomats believe that the Soviet expressions of will to play a long game are a more accurate reflection of intentions than repeated Soviet protestations of the limited nature, both in personnel and duration, of the Soviet presence and the desire for a political solution.

This does not mean, however, that the Soviet Union intends to play down the role of diplomacy. Reports that the KGB warned Mr Leonid Brezhnev against a war, "which we cannot win and cannot abandon," the personal contacts of Mr Yuri Andropov, the new Soviet leader, after Mr Brezhnev's funeral last year, with all the leaders involved in the Afghan problem, and active Soviet encouragement of the UN's attempts to find a negotiated solution all indicate the continuing Soviet willingness to talk anywhere and at any time with anybody.

But the solution demanded by the Soviet Union—an end to foreign intervention in support of the insurgents and maintenance of a regime friendly to Moscow, before any withdrawal of Soviet troops can be considered—appears to be as unacceptable to the parties concerned as when first formulated more than two years ago.

Given the abiding instability in Iran, and the further deterioration of Soviet-Iran relations after the arrest of Iranian communist leaders, western and Soviet sources here believe that neither the Soviet military nor political leadership could seriously propose a withdrawal from Afghanistan.

This assessment is backed by the belief that the worst damage done by the intervention to Soviet international prestige, especially among non-aligned states and in the Islamic world, has already occurred and will diminish.

In the current Sino-Soviet talks, also, an Afghan solution is believed to be the least urgent of the three Chinese demands—well behind the questions of reduction of forces on the Sino-Soviet border and withdrawal of Soviet-backed Vietnamese forces from Kampuchea.

At home, furthermore, the Soviet leadership, with its tight control over public opinion and heavy emphasis on patriotism and military security, has faced no discernible, openly expressed opposition. The initial influx of mainly Islamic non-Russian troops into Afghanistan was quickly reversed, after instances of fraternisation, and now the troops fighting and dying there are mainly Russian.

Provision of fuller information on the hardships and sacrifices, and on prospects of a lengthy struggle, seems more calculated to honour the casualties and their families, and to recognise the efforts of the armed forces, than presage a change of policy which would bring them home.

Sinking Opec prices put strain on Comecon

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

THE Opec oil price may be collapsing, but there is still one group of oil-importing countries which is still paying rising prices for most of its oil: Eastern Europe.

The Soviet Union sells oil to its East European allies, except Romania, at prices based on a moving average of world prices over the previous five years. This "lagging" formula has given the East Europeans price stability, and protected them from the drawbacks of sharp Opec price rises.

When Opec prices doubled in 1980, for instance, the Comecon price that year rose only 4 per cent. But, equally, the formula also protects them from the benefits of sharp falls in the Opec price. According to one estimate, the intra-Comecon price for Soviet oil will rise 16 per cent this year.

So, the East Europeans are now in the awkward position of having to pay higher prices, albeit in roubles, for most of their oil, while the rest of the world is paying less for all of its oil. This threatens to strain their export competitiveness and relations with the Soviet Union. Moscow is already being pressed to give its allies some price relief, perhaps by changing the five-year formula.

Moscow has always charged maverick Romania the world price for oil, and its additional shipments to other East European countries, above yearly planned amounts, have been at world prices.

As the accompanying table shows, East European countries are benefiting from the Opec decline to the extent of the oil they buy, from Moscow and elsewhere, at world prices. This is even true for Bulgaria and East Germany, where oil products amount for 28 and 25 per cent respectively of exports to the West. They, like the other East European countries, are net oil-importers.

But the East Europeans, again apart from Romania, are predominantly dependent on Soviet oil at the special Comecon rate. As the table shows, this dependence ranges from 65 per cent in East Germany to 95 per cent in the case of Czechoslovakia.

They are likely to raise the issue of oil pricing at the annual Comecon ministerial meeting this summer or at the Comecon summit of East bloc leaders mooted for this year. Their argument for change in pricing simply because a system which has suited them well for years has temporily turned against them — is not strong.

But, should the average Comecon price (currently on equivalent of $27 a barrel) rise well above the falling Opec price, then some East Europeans may be tempted to cut back on the volume of their Soviet purchases.

So far, it has been the Russians who have sought to reduce, and the East Europeans who have sought to maintain, the level of Comecon-priced oil. For good reason. The Soviet Union wants to sell as much as it can for hard currency and the East Europeans have wanted to pay for as much as they can in roubles.

At least one East European country, Hungary, last year actually took a bigger cut (20 per cent) in Soviet oil than the reduction (10 per cent) Moscow originally imposed on it.

For the present, however, the East Europeans must face higher oil prices. These vary from country to country, ranging, for instance, in 1981 from 100-09 roubles a tonne paid by Poland and Hungary to 83 roubles paid by Czechoslovakia. This largely reflects the fact that a country like Hungary is paid in hard currency for much of its food exports to the Soviet Union, while a country like Czechoslovakia has invested directly in Soviet energy projects.

But they will all be worse off in terms of export competitiveness with the rest of the world, where companies can now reap the benefit of lower energy costs. To the extent that this hits their hard currency earnings, it will also reduce Eastern Europe's ability to diversify into buying Opec oil.

COMECON OIL TRADE

	Net oil trade (thousands b/d)	Share of oil traded at world prices (%)	Impact on annual energy bill of $1 per barrel drop in oil price ($m)
Soviet Union	+2,600	50	−474.5
Poland	−300	15	+16.4
East Germany	−450	35	+57.5
Czechoslovakia	−340	5	+6.2
Hungary	−160	15	+8.8
Romania	−180	100	+65.7
Bugaria	−200	20	+14.6

Source: Wharton Econometrics

Poland's coal exports rise by 40%

POLAND HAS exported 5m tonnes of coal so far this year, a rise of 40 per cent on the same period last year, writes Christopher Bobinski in Warsaw. Sales to hard-currency countries reached 2.7m tonnes in the first two months.

However a report by Professor Roman Ney, of the Cracow Mining Academy, has claimed that poor geological studies have led to costly investment errors in the newly-developed coal field at Lublin in eastern Poland. Similar charges have been levelled at the ROW field in southern Poland and at the huge Belchatow lignite open-cast mine.

An article last week in the Government newspaper based on studies from the mining academy, says that as much as 50 per cent of the coal is lost in some mines. With annual production at some 180m tonnes, at least 40m tonnes is being wasted.

East Europe takes action against acid rain

BY LESLIE COLITT IN BERLIN

POLAND IS to join East Germany and Czechoslovakia in an attempt to combat the devastating effects on their forests of the "acid rain" which results from sulphur dioxide emissions from coal-burning power stations and industries in the three countries.

Some 140,000 hectares of woodland on the East German and Czechoslovak sides of the Ore Mountains have been destroyed in recent years by acid rain from power stations burning brown coal.

East Germany has announced that its denuded woodland is to be replanted with "smoke-resistant" trees and some 23,000 hectares are to be fertilised intensively to increase resistance to air pollution.

Last week the Bonn Government issued regulations lowering the amount of sulphur dioxide which West German power stations and industries may omit. New power plants must have gas-scrubbers and old ones will have to be equipped with them within a certain period or face closure.

Most Western ecologists agree that planting more resistant trees can postpone but not halt their destruction by acid rain, which is created when sulphur dioxide and nitrogen oxides react with moisture and oxygen to form suphuric and nitric acids in rain and snow.

East Germany produces oil but 12 per cent of its electricity from highly-polluting brown coal but apparently wants to avoid installing expensive gas-scrubbers.

Economist splits with Soares

By Diana Smith in Lisbon

Friction between Portugal's Socialist leader, Sr Mario Soares, and prominent younger Socialists, has led one of the country's best-known economists, Sr Vitor Constancio, to refuse to run for parliament on the Socialist slate in the April elections.

A former Finance Minister and now vice-Governor of the Bank of Portugal, Sr Constancio is one of a group of Socialists who for years fought for a party machine less dependent on the personalised leadership of Sr Soares.

Apparently in retaliation for their challenge to Sr Soares at the past party congress, many of the Soares critics were barred from the Socialists' lists of candidates for April.

As a result, men like Sr Constancio refused to be included. This is considered a serious setback for the solid economic management a Socialist Government will require if it is to tackle Portugal's grave financial crisis.

Sr Soares has a reputation for being impatient with economic matters, and is deemed to need a strong economist like Sr Constancio to offset this.

Sr Soares is riding high on a wave of popularity after the collapse of the centre-right Democratic Alliance (AD). It now seems likely he will want to be Premier if his party wins as forecast in April.

Sr Soares already talks of heading a government of "competencies," ignoring party frontiers and calling personalities from the Social Democrat and even Christian Democrat camps.

The Social Democrats will run on their own in April, when the AD banner will disappear, and wait for election results to decide where their opportunities lie.

World Bank loan for hydro schemes

By Our Lisbon Correspondent

THE WORLD BANK is lending $126.4m to Portugal's national electricity corporation Electricidade de Portugal, to help it complete construction of eight hydro-electric schemes that will supply a third of the country's electricity.

This is part of continuing World Bank assistance concentrating on energy, agriculture and help for the impoverished north-east of Portugal.

Recent rains have not improved hydroelectric reserves in the south where levels dropped severely after a long drought. Increased electricity imports from France and Spain have hurt an already weakened balance of payments.

Portugal faces a balance of payments this year of $2.3bn to $2.5bn, by current reckoning. Liquidity is very tight because doubts about the outcome of the political crisis impeded the ability of institutions to raise loans on the international market, and the caretaker government is wavering about the timing of this year's $650m Republic of Portugal loan.

Without the go-ahead for this loan, a badly-needed credit of $150m for the Caixa Geral dos Depositos (Nationa Savings Banks) will apparently financing has again raised the question of resort to the Bank International Settlements for gold-pledeged credits.

Double devaluation foreseen in leaked French document

BY DAVID HOUSEGO IN PARIS

TWO DEVALUATIONS of the French franc over the next 18 months, with unemployment rising by 20 per cent to 2.4m by the end of next year, are envisaged in a confidential Ministry of Finance document, extracts of which are published today by the weekly satirical magazine Le Canard Enchaîné.

The document, prepared by M Jean-Claude Milleron, head of the ministry's forecasting division, takes as a "working hypothesis" an 8 per cent devaluation of the franc against the D-Mark in the first half of this year and a further 8 per cent devaluation in the first half of next. It says that "the size of the trade deficit is leading to a massive external debt the burden of which could put at risk all possibility of later redressing the balance of payments."

Officials were at pains last night to point out that many such memoranda circulate within the ministry. Publication of this one, however, could well prove damaging both to the franc and to the Government at this weekend's municipal elections.

According to M Milleron, France borrowed FFr 88bn (£8.4bn) last year compared with the much disputed FFr 60bn quoted in a recent broadcast by M Jacques Delors, the Finance Minister.

Evidently conscious of the damage the document might do, the newspaper quotes comments of unnamed officials it contacted before publishing it. Some throw doubt on the accuracy of the forecasting—the failure to take sufficiently into account the fall in petrol prices—while one warns of the "grave consequences" for the franc.

France blocks Community agreement on imports

BY GILES MERRITT IN BRUSSELS

A SPIRITED rearguard action by France in Brussels last night was blocking new EEC rules that would allow imported goods to be sold more freely throughout the Community.

France's chief concern is understood to be that any new agreement could cut across its long-standing "gentleman's agreement" under which Japanese motor manufacturers are restricted to only 3 per cent of the French car market.

The unresolved dispute inside the EEC Council of Ministers over common certification for imports from non-Community countries also has serious implications for the EC's drive to liberalise its internal market and stimulate domestic demand for EC products.

Trade Ministers yesterday were able to push through only a part of the liberalisation programe that has been approved in principle by the 10 heads of government and which is scheduled for completion before the EEC summit here at the end of this month.

They achieved one important step, however, with an agreement that all EEC governments will notify their technical standards. This is intended to prevent member states from using such standards as no-tariff barriers that discourage intra-EEC trade.

Two other achievements nevertheless fall short of the European Commission's mid-year target for removing serious obstacles to the common market.

The first concerns measures to ensure the duty free transportation of EEC citizens' personal goods from one member state to another. The second centres upon an arcane and little-known restriction on the amount of petrol that commercial vehicles and coaches may carry in their tanks when crossing on EEC frontier.

In future, the 200-litre limit will be dropped.

Besides shelving the issue of non-EEC imports certification, the ministers have also failed to adopt the "single administrative" document supported by the Commission, that is aimed at standardising the various frontier formalities which still restrict intra-EEC trade.

EEC seal pelt import ban given qualified welcome

BY LARRY KLINGER IN BRUSSELS

THE EUROPEAN Community's decision to impose a ban on seal-skin imports, pending further talks with Canada and Norway, was greeted cautiously yesterday by its supporters, and with a sigh of relief by its opponents that the door to continued negotiation had not been closed.

In response to growing pressure from European environmentalist groups against the annual slaughter of baby seals, and to determined efforts by the Bonn Government to win support for a ban before the general election on Sunday in West Germany, the EEC's Council of Environmental Ministers decided at midnight on Monday to impose a full ban from October 1, but only under certain conditions.

These include a further round of talks between the European Commission, Norway and the Canadian federal and maritime provincial governments between now and September, plus the provision of another Council vote before the October deadline. The decision to ban was taken only on conservation issues and not, as environmentalists would have liked, on humane grounds too.

Britain and France had refused to approve a ban derived from moral issues, arguing that such a derivation inclusion might unjustifiably extend Community law into areas which were the sole province of member states.

Fay Gjester adds from Oslo: Norway strongly deplores the EEC decision, the Fisheries Ministry said here, adding that the government would follow up its earlier contacts with the EEC on the subject.

Norwegian hunters will not, in any case, be catching baby seals this year. An advisory committee has recommended that the government should ban the killing of baby seals during the coming season. This will mean a substantial reduction in Norwegian sealing.

The committee has proposed that the number of boats taking part in sealing this year be cut from 10 to seven.

Three will operate north of the USSR, two north of Greenland and two off Newfoundland.

The recommendation is understood to be based mainly on commercial considerations — dealers hold sizeable unsold stocks of baby seal pelts.

AP adds from St John's, Newfoundland: Mr Brian Peckford, the provincial Premier, said the Canadian federal government should cancel its fisheries agreements with EEC member countries in retaliation to the ban on Canadian seal imports. He sent a letter to Mr Pierre Trudeau, the federal Prime Minister, to urge direct reprisals against EEC countries which fish within Canada's 200-nautical-mile economic zone.

The seal pup trade is worth between C$6m-10m (£3.24m-£5.41m) a year to Newfoundland.

Farm subsidies soar

BRUSSELS – The European Community is likely to overspend on its farm subsidies by hundreds of millions of dollars in the first three months of this year, EEC officials said yesterday.

The subsidies have soared because of a huge increase in surplus food stocks and a slump in world commodity prices.

The overspending prompted the budget commissioner Mr Christopher Tugendhat, to warn last week that the Community could run out of cash to finance its agricultural policies by 1985.

Reuter

Berlinguer bids to keep his ranks in order

By James Buxton in Rome

THE ITALIAN Communist Party, the largest in Western Europe, today begins its 16th congress in Milan amid signs that the rank-and-file is becoming increasingly restive at the traditionally disciplined, centralised and secretive way the party is run.

Sig Enrico Berlinguer, the 61-year-old leader, is expected to use today's opening address in an attempt to regain some of the impetus the Communist Party (PCI) has lost in recent years, and to clarify its new strategy.

The gradual decline is continuing in support for, and membership of, the party, which reached a peak in 1976. Membership fell by 40,000 last year to 1.67m. If the trend of recent local elections were borne out in the general election, which must be held by next spring, the party would win less than the 30 per cent of the vote it won in 1979.

The PCI gave parliamentary support to the Christian Democrats after 1976, in what it hoped was a prelude to the "historic compromise" — the entry of the party into government with the Christian Democrats.

But the arrangement collapsed in 1979 and, since then, Sig Berlinguer has gradually swung the party round to the idea of the "democratic alternative"—that of the PCI as an alternative government to the perpetual Christian Democrat-led coalitions.

For that to happen, however, the party would require at least 51 per cent of the vote.

That is a hopeless prospect at present, and not even the party's partial break with the Soviet Communist party in January 1982 over the imposition of martial law in Poland has restored to the PCI the glamour and intellectual appeal it had formerly.

Some of the appeal is now held by the moderate Socialist party, currently in government with the Christian Democrats. Sig Bettino Craxi, the Socialist leader, is to address the PCI congress this week, but is not likely to make a sudden switch in his party's alignment.

The Communists tried at the beginning of this year to demonstrate that their involvement in government is indispensable to social and economic stability in Italy by attempting to prevent any concessions by the unions on modifying the *scala mobile* wage indexation system. But the Communist-orientated CGIL union did make concessions, taking the wind out of the PCI's sails.

The breach with the Soviet Union, which has been opposed by a small minority of the party led by Sig Armando Cossutta, is not expected to be a seriously divisive issue at the congress. Sig Cossutta is reckoned to have only 10 to 15 per cent of the delegates' votes, though the exact figures are concealed.

With the "democratic alternative" claiming broad support, the key issue may be that of "democratic centralism" — the euphemism for the near-authoritarian way the party is run.

In the pre-congress elections of delegates, official candidates have sometimes done badly or even been rejected altogether in favour of others. There have also been calls for more openness about decision-making and greater democracy and discussion in the party.

Those who advocate this, who are generally far from prominent in the hierarchy, claim that the party will eventually wither away if it does not loosen its structure and drop its somewhat grey image, which is reinforced by the increasing age of its leadership.

But Sig Berlinguer, while believing in gentle progress towards more discussion and internal democracy, fears that a reduction in party discipline will cost the PCI its great asset in comparison with other Italian parties and institutions—its undoubted efficiency and unity.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

OVERSEAS NEWS

Israelis 'intransigent'

MR DAOUD SAYEGH, attached to the Lebanese delegation, charged that Israeli negotiators in the U.S. sponsored talks on troop withdrawal from the country, were being "intransigent" again in demands for security conditions in south Lebanon, and that they were seeking to review their positions. There had been indications of a softening of the Israeli demands on future ties with Lebanon and security arrangements, reports Nora Boustany in Beirut.

The 19th session of tripartite Lebanese-Israeli-American discussions at the coastal resort hotel in Khalde coincided with a fresh drive by U.S. presidential envoy Mr Philip Habib.

Mr Habib flew to Israel this week with U.S.-backed Lebanese proposals calling for an Israeli pull out ahead of the signing of any accord on future relations with the Jewish state. According to Lebanese observers of the negotiation process, Lebanon has suggested that an interim period of six to eight months pass after withdrawal and before Lebanon is bound to a framework of ties.

● David Lennon adds from Tel Aviv: Two Israeli generals criticised by the commission of enquiry into the Beirut massacre have given up their posts.

Gen Yehoshua Saguy, the director of military intelligence, stepped down after the commission found him guilty of a hreach of duties.

The commander of the Israeli forces in Beirut last September, when the slaughter took place Gen Amos Yaron has been relieved of field command.

The Beirut Government knows what reconstruction is needed, but can only tackle it piecemeal

After Lebanon's lost decade

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR, RECENTLY IN BEIRUT

THE BOMBS still explode and the factions still fight, but commercial life in Lebanon has resumed and the Government is trying to stitch together the physical fabric of a country torn apart by eight years of war.

The codeword is reconstruction. But reconstruction is not only a question of war damage. It is a question of catching up on a decade's lack of investment in basic facilities.

Beirut's water supplies, for example, were inadequate by the late 1950s. In 1975 the distribution system started to receive direct hits. Two years later it was still possible to keep the system going with ad hoc repairs. But now, more direct hits later, the authorities have to think of a new network.

Certainly the authorities have plenty of time to think because they have scant opportunity to act. A Council of Development and Reconstruction (CDR) was was set up in 1977 after the first phase of civil war. It has specific ideas on what needs to be done, at a cost of L£60bn (£10bn) over the next five to nine years, but little freedom to act outside the environs of Beirut.

So it has not heen able to establish priorities. Rather it has to act in a piecemeal way wherever it can. It can set in train contract procedures for a sewage outfall near Beirut and seek contractors for road construction and tunnelling works in the city, but it cannot organise the rehabilitation of the secondary road network in the country at large.

But the Central Bank favours concentration on projects which produce profits like telecommunications and the re-launch of the tourist industry — even if the roads are not completed. "There is a hig programme of spending — hut there is no programme of revenue," said Sheikh Michel el Khoury, the Bank's Goveroor.

Such caution is not only the result of natural Central Bank conservatism. It reflects the lack of easy assumptions and a lack of certainty about the financing of reconstruction. While Dr Mohammad Atallah, the chairman of CDR, expects the Government itself to provide 25 per cent of the reconstruction funds—over and above its ordinary budget—Sheikh Michel is opposed to monetary expansion for financing reconstruction.

> Short of a dramatic revival in Government fortunes, the emphasis in reconstruction financing will be external, and external financial protocols seemed harmless when war made them academic. Now local business fears being squeezed.

Short, then, of a dramatic revival in Goveroment fortunes, the emphasis in reconstruction financing will be external. But here again there are differences in emphasis which must enliven the meetings of the guiding committee set up to supervise the process. This is made up of Dr Atallah, Sheikh Michel and the Minister of Finance.

At their 1979 summit in Tunis, Arah states promised $2bn in aid for Lebanon, spread over five years. The payments are running two years behind and only $417m has emerged so far.

The downturn in oil revenues and the contributions by Arah states to Iraq for its war against Iran have reduced Arab ability to pay. At the same time any peace agreement between Lebanon and Israel that hints at the "normalisation" of relations required by Mr Begin's Government would be likely to leave Lebanon isolated.

Against all this, Lebanon is well placed to raise funds from other external sources. Indeed, Dr Atallah envisaged that the balance of the funds would come from international financial institutions, aid, export credits and so on. The Government has a firm reserves position — roughly $7bn, if its 9.2m ounces of gold are valued at commercial rates.

All of this suggests that Lebanon may find it easier to raise export credits and borrow from the capital markets than win a bigger slice of generally diminishing Western aid hudgets. Dr Atallah is seeking £100m in guaranteed export credits from the UK. It seems likely that a moderate improvement in the security situation will make Lebanese reconstruction projects even more attractive to hard-pressed Western contractors.

But the contractors may be disappointed. Dr Atallah is said by diplomats in Beirut to be coming under increasing pressure from local contractors about his protocol policy.

Acute need for housing

LEBANON'S most acute need is more housing, ministers in Beirut agreed. Although soft loan schemes to encourage new building and repairs exist, needs cannot be met without greater Government intervention.

The country is 135,000 units short at the moment. The Government wants 60,000 built in the next two years and a total of 400,000 by the turn of the century. Costs could go to L£4.5bn (£740m). But public sector projects spread into a large number of other areas including:

● *The rebuilding of central Beirut.* No plans have been agreed but private landowners will probably do their own redevelopment within the confines of a master plan.

● *Schools.* Repairs are needed for 750, but 1,500 new schools are required.

● *Hospitols.* Beirut, Sidon and Tripoli need new 500-bed hospitals. These will be let as turnkey projects and the contractors will provide management.

● *Electricity.* Usage is expected to grow at 12 per cent a year and three new power stations could be needed. Costs could be L£1bn a year.

● *Communications.* A master plan by Canadian consultants should be finished in three months, covering roads, rail and water transport. The Government's priority is to rehabilitate the coastal and the Beirut-Damascus road and provide a Beirut by-pass.

● *Horbours.* Further development of Beirut is planned and the development of Sidon, Tripoli and Tyre is envisaged.

Labor 11% ahead in Australian opinion polls

By Michael Thompson-Noel in Sydney

The Australian Labor Party (ALP) is leading the ruling Liberal-National Party coalition by between 10 per cent and 11 per cent, according to the most recent opinion polls ahead of Saturday's general election. Labor needs a uniform swing of 1.4 per cent to gain the 11 seats it needs to take office.

This morning's opinion poll in the Australian newspaper shows Lahor leading the coalition by 49 per cent to 39 per cent, with 4 per cent of votes going to the Australian Democrats, and 7 per cent undecided.

In the Bulletin magazine, a Morgan Gallup Poll shows Labor's support at 52 per cent, 11 per cent ahead of the Government, with 6 per cent for the Democrats.

Mr Malcolm Fraser, the Prime Minister, persisted with his claim yesterday that Labor's election promises would cost an additional A$4bn (£2.44bn), rather than the net A$1.5bn claimed by Labor. But his campaign has sagged, and, in Canberra yesterday, at the National Press Club, he was heckled by journalists.

Mr John Howard, the Federal Treasurer, said recently that on present form, the 1983-84 hudget deficit could reach A$6bn, against A$4bn in the current year.

The Liberals are pushing hard with Blitz advertising, claiming that Labor's deal "with the union bosses" would push wage demands and inflation so high that more jobs would go. It has also made great use of what Mr Fraser freely admits are scare tactics, but Labor's campaign, under new leader, Mr Bob Hawke, sails serenely on.

Yesterday, the Australian dollar fell from U.S.$0.9606 to U.S.$0.9525, its biggest one-day fall for some time, and money market bank bill rates climbed 0.5 per cent to 17.5 and to 17.3 per cent for 180-day paper. There was also a further outflow of funds, estimated by dealers at around A$200m.

Tax cut promise quells Japanese parliament row

BY JUREK MARTIN IN TOKYO

THE JAPANESE Government has now committed itself to cut income taxes in the 1983 fiscal year, which will begin next month. It has thus brought at least a temporary truce in its war of nerves with the parliamentary opposition.

The Government has yet to work out the size and timing of any tax cut—or how it would be financed, unless through a marked acceleration of economic activity and thus of revenue. The administration has also promised to consult the opposition.

But its commitment, which represents a substantial shift from the original policy declarations of the Nakasone Government, has ended the opposition's boycott of parliamentary consideration of the 1983 budget. The Government's concession was matched by signs that the previously united front, presented by the five minority parties during the three-week boycott, was breaking up.

The Japan Socialist Party (JSP), second in size to the ruling Liberal Democratic Party, is understood to have wanted to press the Government further so as to extract a precise tax cut figure and obtain further concessions on a parallel issue, the current freeze of civil service salaries.

At least two of the other parties, the New Liberal Club and the Democratic Socialists, favoured a compromise, however, largely because they felt they could still claim credit for having forced the Government to change its mind. The JSP concurred, finding itself out on a limb and apparently not wishing to see the common front dissolve.

The threat of another boycott, or of a big parliamentary confrontation, has not evaporated because the opposition still intends to introduce its motion to call on Mr Kakuei Tanaka, a former Prime Minister, to resign from parliament. It is not clear when this will come to a head.

In the opposition's view, any tax cut will only be effective if it amounts to at least Y1 trillion (million, million) (£2.78bn). If it were that big, if the Government were to go ahead with a public works spending programme in the autumn, and if the Japanese economy were helped by falling oil prices, then real economic growth this year could exceed the currently expected 3 per cent.

Until now, the Finance Ministry has tentatively suggested that any cut in income taxes might need to be offset by increases in indirect taxation, which currently accounts for only about 30 per cent of government revenues. But such trial balloons have met much public criticism.

S. African union switch

BY BERNARD SIMON IN JOHANNESBURG

ONE OF South Africa's largest black trade unions, the Metal and Allied Workers' Union (Mawu), has applied to join an industrial council, a government-approved negotiating forum which has been shunned up to now by all but conservative trade unions.

Mawu, which claims a membership of about 30,000, is affiliated to the Federation of South African Trade Unions (Fosatu), the biggest grouping of unions formed since the government began to implement labour reforms five years ago.

The decision to ask for membership of the metal and engineering industry's industrial council clearly reflects the pressures being put on emergent unions by the current recession in South Africa, and the increasingly hard line taken by many employers in wage and other negotiations with workers.

The union said it needs "a focus around which workers could unite demands." For the past three years, it has doggedly refused to join an industrial council, arguing that negotiating with individual employers gave workers a better chance of concessions that did tackling a united employers' body in an industrial council.

Sam 5s in Syria 'no threat'

BY PATRICK COCKBURN

THE DELIVERY of Sam 5 anti-aircraft batteries to Syria by the Soviet Union will do little to tip the military balance of power against Israel, according to diplomats in Damascus.

They say the three Sam 5 batteries, deployed around Damascus and the northern city of Homs, are primarily intended to threaten highflying Israeli reconnaissance aircraft such as AWACs or Hawkeye.

Mr George Schultz, the U.S. Secretary of State, has said that the arrival of the Sam 5s is "a destabilising event in the Middle East."

Syria lost 19 anti-aircraft missile sites in the Beka'a valley in eastern Lebanon last year to an attack by Israeli fighter bombers. More than 85 Syrian fighters were shot down with the loss of 61 pilots, according to diplomats.

Although the Sam anti-aircraft missiles arriving in Syria are manned by Soviet crews, it is unlikely that they will dent the total Israeli air superiority. Observers in Damascus see the significance of Sams as being a symbol of Soviet solidarity with the Government of Syrian President Hafez al-Assad.

Since the end of last year, Moscow has moved closer to Syria and the disagreements over the performance of Soviet equipment against Israel last year are being put to one side. President Assad is eager to obtain a Soviet guarantee against an Israeli advance into Syrian territory.

The Government in Damascus is convinced that the Israelis will not pull out of southern Lebanon and is fearful of a renewed Israeli attack against the 30,000 Syrian troops in the Beka'a and northern Syria.

China offers to negotiate with Hanoi on Kampuchea

BY TONY WALKER IN PEKING

CHINA has made a new offer to Vietnam to resume negotiations on improved relations, if Hanoi agrees to a phased withdrawal of its troops from Kampuchea.

The offer was announced today by a senior Chinese foreign ministry official to western correspondents in Peking.

China sid it would begin discussions "after the withdrawal of the first batch of Vietnamese troops." The offer was part of what the Chinese describe as a "five-point proposal" for resolving the Kampuchea issue.

Among the five points, China is demanding that Vietnam first declare an unconditional withdrawal of all its troops from Kampuchea and that the Soviet Union cease its support of Vietnam's occupation of Kampuchea.

Western diplomats here note that the Chinese offer of renewed discussion with Vietnam has heen made public at a time when negotiations are resuming in Moscow between Soviet and Chinese officials on improved Sino-Soviet relations.

October poll puts Argentine parties under pressure

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA'S civilian parties were yesterday bracing themselves for a period of intense political activity following Monday night's announcement that presidential, congressional and municipal elections will take place on October 30 and that power will be handed over to a democratically elected government on January 30 next year.

The most immediate task of the parties will be to settle internal differences and pick presidential candidates before the end of July. This is the deadline fixed by the military government for the "reorganisation" of the parties, which bas been underway since tha ban on political activity was lifted in June.

President Reynaldo Bignona hopes the reorganisation will prove complex and time-consuming and will thereby prevent politicians from increasing their attacks on the armed forces.

In his speech to the nation announcing tbe election dates, President Bignone issned a thinly-veiled warniog that the armed forces would not accept an unconditional surrender of their powers after eight yeers in government.

He said the prospect of elections sbould not be used as an excuse for a political "free for all" and stressed that the Government would clamp down on extremist activities.

Tbe warning was a reminder of the intense pressure the armed forces bave put on President Bignone.

Last month growing dissatisfoction in tha military with the outspoken attack of politicians is understood to bave prompted an attempted coup by middie and junior ranking officers.

Tbe national elections planned for October will be the first to be staged in Argentina since 1973 wben the Peronist party was swept to power with over 60 per cent of the vote.

But the country's major political organisation has become increasingly divided since its founder Gen Juan Peron died soon after being elected as President.

Over 10 candidates are currently disputing the Peronist party leadership which is still officially held by Isabelita, Gen Peron'a third wife. Mrs Peron was toppled by the armed forces in a March 1976 coup and is currently in exile in Madrid, baving been banned from participating in Argentine politics.

The Peronists' main rivals are the Radicals wbo obtained 24.4 per cent of the vote in the 1973 presidential elections. Their current front-runner for the presidential nominalion is the charismatic left-wing lewyer, Sr Raul Alfonsin.

Computer copyright claim to be investigated

By Louise Kehoe in San Francisco

THE U.S. International Trade Commission bas agreed to investigate a case of "rotten apples" — Apple compnter coples prodnced in Taiwan, Hong Kong, and Singapore. The commission will look into alleged infringement of Apple's patents and copyrights.

Apple Computer, the California based personal compnter manufacturer appealed to the commission in an effort to stem the growing number of copies of its popular Apple II computer reaching the U.S. and European markets from Asia.

Although some copies of Apple's personal compnters have been seized by customs officials in San Franeisco and Los Angeles, the Apple "look-alikes" can be bought in California for $695 (£459). The price of an Apple is about $1,200. Apple hopes for commission ruling that might lead to a ban on the import of tbese machines into the U.S.

Apple is also pursuing its imitators through the courts in the U.S. and abroad. Last week, a court in Taipei rejected Apple'a copyrigbt suit against two Taiwanese computer manufacturers on the grounds that Apple does not have a resident company in that country.

In the U.S., Appla is caught up in simi'ar legal technicalities in its efforts to protect its copyright.

Californians clamour to pay more tax

BY LOUISE KEHOE IN SAN FRANCISCO

CALIFORIANS ARE once more in revolt over taxes. In 1978, the voters of California passed "Proposition 13" to limit the escalation of property taxes. Now taxpayers—and Democrats in the Senate — want to pay more, rather than put up with a continuing deterioration of services.

The "counter tax revolt" is a fledgling movement, but it is fast gaining support among angry taxpayers who are hurt by state budget cuts. Schools, police and fire services, road repairs and a bost of other state paid services have been severely affected by the reduction in state revenues brought about by "Prop 13."

California now has a budget deficit of $1.5bn (£1bn). A three week political row in Sacramento over bow to balance tha state budget delayed the passage of a revenue raising budget measure until the middie of last month and temporarily left the state out of funds.

In addition, thousands of businesses that have supplied the stata with goods and services received, for a week last month, IOU's in place of cheques from the state. The IOU's ware also sent to taxpayers due income tax rebates.

The budget crisis is temporary, and many consider that it has been artificially created by squabbles in Sacramento among the state legislators. It bas served to beighten support for bigher state taxes.

The standby budget measure includes a provision for a 1 cent increase in California'a 6-cent sales tax to go into effect in November if revenues do not measure up to Governor George Deukmejien's predictions.

Already two "deadlines" upon wbicb the state's coffers were supposed to run dry have passed without major calamity and Californiens are beginning to take e cynical view of the Sacramento squable.

Mr Deukmejian bas proposed a scheme to balance the atate budget by bolding over part of the deficit—more than $1bn—until the next budget year starting July 1 and by making some budget cuts both this year and next. He assumes that the economy will improve by next year, providing state revenues to balance the deficit.

In keeping with bis campaign pledge not to raise taxes, however, the govarnor bas refused to consider raising the state's revenue base beyond the interim budget measure passed last month.

California's budget problems can be traced directly to Prop 13 which sparked a tax revolt movement in 1978 in many other states, and cut California's property tax revenues by 57 per cent.

Before Prop 13 Califoroia's Government had become accustomed to rapidly increasing revenues created by inflation-driven increases in property tax valuations, and sales and income taxes.

State government expenditures tripled in the ten years preceding Prop 13, far outstripping the pace of inflation.

> State-run schools are closing as school districts strive to balance uncertain state funds and decreasing enrolment. Police and fire services are being cut, much to the consternation of residents. Street lights are being turned off.

Until last yeer, most Californians were not seriously affected by the tax revenue cut arising from Prop 13. Former governor Jerry Brown used surplus stete funds to bail out local authorities, cities, counties, school districts and so on—whose income was chopped by Prop 13.

Last year, an election yeer, ways were found to balance the state budget, furtber delaying the impact of Prop 13. For example state contributions to a pension fund for public employees were withheld for three montha to save $180m.

Last month, however, an appeal court ruled that the stata had acted unconstitutionally and must hend over the money to tbe pension fund.

"This rulling puts a serious crimp in the state's ability to pay its bills," commented Mr Ken Cory, the state controller. "It will be viewed as an added liability by creditors whose loans are needed to keep the state solvent."

Now, Californoia is finally being forced to face up to tbe realilies of living on a reduced income.

State-run schools are closing all over the state as school districts atrive to balanca uncertain state funding and decreasing enrollment. Police and fire services are being cut back, much to the consternetion of residents in the affected areas. Street lights are being turned off.

With the loss of the property tax base that supported local authorities, it baa become almost impossible for cities to issue bonds to raise funds for development of roads, water and sewer systems.

The impact upon Californian business is severe. "It is almost impossible to find indnstrially zoned land in this state that ia big enough and developed enough to accommodate a major manufacturing operation" the chairman of one of California's largest electronics companies said recently.

Increasingly, communities are banding together to try to maintain what they see as essential services. Ironically, to do so, they must pay additional "special assessment" taxes.

In one of the first "tax increase" measures to pass in California since Prop 13, a small community in San Mateo county recently voted to pay extra taxes to maintain police and fire services et a high level in their residential community.

Neighbouring Hillsborough, one of the richest communities on the already afluent San Francisco Peninsula, is supporting its state-run schools with a trust fund.

The mood is spreoding. Recently, a coalltion of 38 civic groups, including such influential organisations as tbe League of Women Voters, the Consumers Union and the Urban League, called for a series of tax increases to raise $2.7bn and balance the 1983-84 state budget.

Tha group's proposals include a 10 per cent surcharge on income tax, property tax increases for businesses, increased taxes on oil production, and "sin" taxes on liqnor, cigarettes and sweets. (Wine is left out because it is an important item in the state's economy.)

"California, the nation's richest state is severely undertaxed. We are one of the least taxed societies," tbe proposal claimed, in marked contrast with the prevailing public opinion of e few years ago.

The civic gronp's pledge to lobby for their cause, and propose to bring the issue to the people in tbe form of an initiative. It remains to be seen if California is ready for "proposition taxes.".

El Salvador rights groups protest over killings

BY HUGH O'SHAUGHNESSY

THE Salvadorean army killed 74 men, women and children dnring a recent anti-guerrilla sweep through the northern department of Sonsonate, according to the government's human rights commission.

Mr Deane Hinton, the U.S. envoy in San Salvador, has protested about the killings to President Alvaro Megaña, say U.S. embassy officials.

The church-based buman rights organisalions say that no less—and probably considerably more—than 5,977 political assassinations were carried out by government forces and unidentified assassins.

The evidence of continuing widespread murder casts a shadow over the visit of Pope John Paul II who arrives in San Salvador at the weekend.

The Pope yesterday named Mgr Arturo Rivera y Damas as Arcbbishop of San Salvador. The archbtsbopric has been vacant since the assassination of Archbishop Oscar Romero by a right-wing group in March 1980. Mgr Rivera has been acting archbisbop since then.

Fall in U.S. trade deficit

WASHINGTON – The U.S. trade deficit fell in January to its lowest level for 10 months, mainly because exports of all kinds improved and the oil import bill was lower.

The deficit dropped to $2.96bn against a revised deficit of $3.20bn in December. It was the smallest since March 1982, when the shortfall was $2.5bn.

Mr Robert Dederick, Commerce Department Under Secretary, said that despite the short-term fall, the imbalance would probably grow in the months ahead

Reuter

Mexican debt payments scheme

BY WILLIAM CHISLETT IN MEXICO CITY

THE Bank of Mexico bas announced a scheme to enable the country's bard-pressed state-owned and private companies to pay back overdue debts to foreign companies supplying them with raw materials and components.

Companies owe their suppliers an estimated $3.5bn (£2.3bn) which they have been unable to pay because of the acute shortage of dollars in Mexico and the high cost in pesos of obtaining the few available. The peso declined by 82 per cent against the dollar last year.

The failure to pay back these debts bas in some cases prevented companies from receiving further supplies of raw materials. This has affected production.

Under the scheme, which is due to begin tomorrow and end on July 15, companies owing suppliers money for goods contracted before December 20 last year will be able to purchase dollars at the controlled rate. This rate is currently 104 pesos per dollar.

These dollars will remain in an interest-earning account in the state banking system and the payments will be made to suppliers over an unspecified period of time.

Companies will also be able to use 20 per cent of their proceeds from exports to pay back suppliers. Export transactions are being closely monitored by the Government.

It is understood these debts will be paid back over a two-year period.

This scheme complements another which is to be implemented by May under which dollars will be made available at subsidised rates (less than the controlled rate) for principal repayments by those companles which agree with their creditor banks to reschedule their debt.

The private sector has a total external debt of $14bn and very few companies are making repayments of principal.

Chile offers state aid to ailing private companies

BY MARY HELEN SPOONER IN SANTIAGO

CHILEAN authorities bave agreed to alleviate the short-term financing problems of eight major industrial companies threatened with bankruptcy by ordering the state bank to extend credits of approximately $15m (£9.8m).

The move appears to be a Chilean concession to foreign creditors' demands that the Government support private companies with debt obligations to international banks.

The eight industrial companies are among 12 Chilean companies who have fallen behind on debt repayments. Their foreign debt obligations amount to about $500m.

Sr Ernesto Berielsen, one of the overseers of Chilean private banks now under Government administraliva control, calculated tbe eight companies' financing requirements at $28m.

The $15m from the state bank should cover the companies' immediate needs, he said.

Since seeking the rescheduling of $3.5bn in foreign debt obligations falling due this year and in 1984, the government of General Augusto Pinochet has balked at accepting responsibility for foreign debts contracted by the Chilean private commercial sector.

ENERGY REVIEW

Mixed prospects in the Caribbean

By Canute James in Kingston

THE SEARCH for oil in several Commonwealth Caribbean countries, which got under way in earnest two and a half years ago, has encountered many natural and political problems. However, while hopes bave dimmed in some countries, there is new-found enthusiasm in Belize on the Central American mainland.

On the basis of traces of oil and gas which were found in 1975 and 1981, the country's Government is this year intensifying the search with the aid of several North American companies. It is being spearheaded by Cities Services-Occidental Petroleum of Houston, Texas. In December the Belizean Government granted the company a prospecting licence for 1m ecres in the Orange Walk district in the country's north-west, close to where the boundaries of Mexico and Guatemala meet.

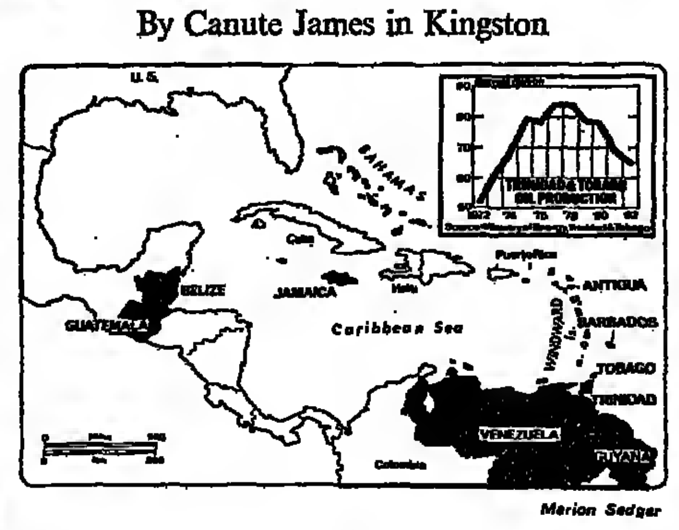
The enthusiasm in Belize about the new search is based on finds made in 1981 in the same area by the Placid Oil Company which sank e 5,000 ft well in the Tres Leguas district, but later capped it, saying the deposit was not in commercially exploitabla quantities.

Small deposits found in the Cayo district in 1975 by the Anschutz Corporation beve provided an incentive for Katana Resources Belize Ltd, a subsidiary of Katana Resources of Arizona, which has also recently obtained a prospecting licence.

At the same time several other companies are planning to work in the north-western and south-eastern sections of the country. They ineluda Nigss, Blacklake Petroleum and Telstar Energy Corporation. The barrier reef off the coast has attracted Anschutz and Petromar, while the Belizean Government is being assisted by the National Petroleum Institute of Mexico and the United Nations Development Programme.

The greater involvement of the foreign companies indicates some easing of political tensions in Belize, caused by a claim on the country by neighbouring Guatemalo. The Goveroment is boping that the recent Gnotemalan change of position, and the statement that it will setlle for only o part of the country, will create a more favouroble climate for companies which have been hesitant to seek prospecting licences.

The optimism in Belize has coincided with despondency at the other end of the Commonwealth Caribbean. In Guysna, on the South American mainland, nothing has come from the once promising find by Home Oil and Gas of Alberta, Canada in the Katuku basin of the Essequibo region, deep in the Guyanese hinterland.



Marion Sedger

The company made a find et the Karanambo well which initially yielded 400 barrels a day of light gravity oil. This soon fell to 40 b/d, after whicb Home Oil moved its equipment out, saying it would go no further until it could find a suitable partner. Government officials in Guyana have discounted suggestions that the company ended its operetions because the Essequibo terrilory is the subject of an insistent territoriel claim from neighbouring Venezuela.

Hopes of finding significant quantities of oil and gaa in Jamaica bave also been dashed, and the offshore and onshore exploration programme, costing $27m and funded by the Inter American Development Bank, the World Bank and the Usaid, haa ended. The onshore programme was carried out by Parker Drilling of Oklahome and Petrocanada. The programme saw three sites being tested in the eastern, centre and west of the island, with wells going to an average of 10,000 feet. A small show, now accepted aa being in uncommercial quantity, was found in St Ann's parish, but all work ia now suspended.

There was no better luck with the offshore programme, carried out by s consortium made up of Union Texaa Petroleum, Agip, a subsidiary of Ente Nazionala Idrocarburi of Ilaly, and the state-owned Petroleum Corporation of Jamaico. The exploration took place over three blocks totalling 3,600 square miles on the Pedro bank to the south west of the islend, and the companies have since removed their rigs.

Five million acres off the coast of Antigua are to be explored by Aladdin Petroleum of Kansas and the Government-owned company, Carboseas. Geological surveys have been concluded and government officials in the small island say they are no more than cautiously optimistic of a meaningful find.

At the same time, efforts are being made in Antigua to get maximum benefits from the local oil refinery, jointly owned by the Government and the National Petroleum Company of Bermuda. The Government has finalised plans for Nigeria to supply the refinery with 20,000 barrals of crude per day.

Further south, the economy of Trinidad and Tobago, the Commonweeth Caribbean's only net exporter of energy, baa taken a battering because of low prices and falling production.

Tba twin island state of 1.1m people had accumulated financial surpluses of over $3.5bn from its oil earnings. But now it bas to dip into these to compensate for the oil market collopse. Exploration programmea have either been suspended or alowed down, as production has fallen from 83.8m borrela in 1978 to 64.6m last yeor.

More attention is being paid to exploiting the country's gas potentiot, and the Government recenlly obtained a $50m loan from several international banks to belp construct a 75-mile pipeline from Amoco's Cassio field, 35 miles offshore to the Point Lisas heavy industrial park, in the island's south. The pipeline will have a capacity of 1bn cubic feet per day.

The Trinidad and Tobago Government is currently locked in negotiations with two U.S. companies which want to sell their local operations. Texaco has put its refinery up for sale, but the Government does not want the installations to be taken over by private owners. Tbe Texaco refinery has a capacity of 350,000 b/d. Throughput fell recently to 45,000 b/d, but the Government got the agreement of the company to maintain e level of 65,000 b/d, while the negotiations are taking place.

The Tesoro Company has offered its shareholding in its local installetions for sale to the Government, but the talks have been bogged down by the Government'a offer of $50m and Tesoro's request for $200m.

The negotiations in Trinidad and Tobago came hard on the heels of the Barbados Government's purchase of Mobil's small (about 450,000 barrels per year) drilling and production facilities, after the company said it wanted to sell.

An offer by Esso West Indies —a subsidiary of the Exxon Corporation—to sell its 30,000 b/d refinery in Jamaica saw the Government purcbasing the plant and inventory for $55m. The company bad said it would be able to carry on only if it could get higher profit margins.

While exploring for conventional sources of energy, some countries are looking to alternalives. The Venezuelan claim on Guyana's Essequibo territory bas mothballed plans for a massiva hydro-power project on the Mazaruni River. Jamaica is exploring the potenlial of peat bogs in the island's south-west. The estimated reserves of 20m tonnes of peat are said by Government officials to have a calorific value of between 6,000 and 7,000 BTUa per pound. The Government has also commissioned studies on the feasibility of converting major industrial sectors to coal. It appears that the island's electrical generating system can be converted at e cost of $300m, and bauxite mining and refining at $320m. These are formidable figures for the island's weak economy.

There is some hope of help from the recently-created Transnational Petrolatin, formed by Petrobras, Pemex and the Venezuelan State Oil Company, with the aim of assisting Caribbean and Latin American countries to develop their energy potential. With the Caribbean cane sugar industry fast proving uneconomical, some countries, led by Barbados, are investigating with Brazilian assistance, the possible use of gasohol.

WORLD TRADE NEWS

Many UK exporters 'fail to utilise world aid agencies'

BY LORNE BARLING

A RECENT survey of 1,000 British exporters has disclosed that about 85 per cent of companies are virtually ignoring world aid agencies as a source of overseas contracts, at a time when such agencies are providing an increasing amount of work.

This has caused alarm in government trade departments, since Britain's proportion of the world's aid-linked export work, traditionally fairly high, has already declined in recent years.

With political and economic instability now affecting normal trade with a rising number of countries, the aid agencies such as the World Bank are seeking larger budgets.

A World Bank conference held near Birmingham this week—which could not accommodate the large number of companies wishing to attend—illustrated that exporters recognised the need to know more about aid programmes and the contract opportunities they offer.

The scale of World Bank lending over the next four years will increase enormously, assuming member-country acceptance of its plans, particularly the major donor, the U.S.

A total of $80bn (£53bn) will be provided between now and 1986, compared with cumulative commitments of $92bn between 1946 and 1981.

One aim of the conference, which ended yesterday, was to improve awareness of the role of the World Bank and its key affiliate, the International Development Association (IDA).

Mr Peter Morris of the UK Department of Trade world aid section, pointed out that Britain's share of the Bank's work, mainly in the richer developing countries, had fallen from about 15 per cent in the early 1970s, to about 6 per cent now.

However, Britain was still leading the world in work for the IDA, which was mainly in low-technology contracts for poorer countries. Last year, work of this kind brought contracts worth $166m to British exporters.

Mr Morris said: "We are doing well in some areas and not so well in others, but for every pound Britain invests in the World Bank, we are winning work valued at £1.60."

This raised the question of the value of multilateral aid, such as through the World Bank, compared with that of bilateral aid direct from Britain to particular countries. Mr Morris did not believe that any greater influence was necessarily exercised through bilateral aid, contrary to much Whitehall opinion.

He suggested that the World Bank, with its 5,000 employees and strong presence on the ground in developing countries, offered great assurance that funds were effectively used, although contracts could only be won by competitive tendering by UK companies.

He said the greatest failure of British exporters was in gathering information about aid-related contracts. "There are some companies which score again and again in winning work, such as GEC and Hawker Siddeley, because they have special units dealing with this kind of work."

Exporters were urged to appoint individuals to understand and "work the system" of aid-linked contracts, since early warning was vital, and could even allow some influence to be exerted on specification and design work.

The execution of such contracts also had advantages, since dealing with an aid agency was usually straightforward, with virtually no risk of cancellation or failure to pay, regardless of the political or economic problems in the country concerned.

However, the Department of Trade suggests that exporters should be aware of the changing nature of aid-related work, which until now has concentrated on the provision of infrastructure for poorer countries, such as roads, water, ports and other civil engineering work.

In future, as development advances, more emphasis will be placed on the growth of industry and higher technology products, to the advantage of exporters in the manufacturing sector.

It is also anticipated that, as demand for funds increases, particularly in the more developed countries, there will be a greater need for co-financing deals between aid agencies and commercial banks, a trend which has already begun.

American, European and Japanese banks have played a leading role in this area, but there is some concern that the British clearing banks have so far been only marginally involved.

Trade officials believe this may be a result of the more cautious policies on overseas lending adopted since the increase in defaults by developing countries, but they see no justification for it due to the reduced risk where an agency is involved.

It is pointed out that the World Bank has never suffered a default in its history.

The deepening of the world recession has prompted a phenomenal growth in barter trade, **Frank Gray** reports

Why bad news for many is good news for some

BARTER TRADE is fast emerging as a "rare growth" industry in a world whose many national economies are reeling under the effects of the global recession.

The reasons for this seeming paradox stem from what many experts see as an indissoluble link between the two—when economies are in trouble, their industries increasingly turn to bartering to complete deals that would otherwise founder.

This was illustrated last week when Indonesia moved to use bartering in oil as a means of continuing major trade deals with Singapore. The Southeast Asian nation 14 months ago became the first major country outside the east bloc to introduce barter trade as a matter of Government policy. Until last week's move, the policy did not include oil.

It is widely believed that bartering—broadly defined as the use of traded goods or offsetting investment as a lever to close a normal cash-for-goods transaction—may now be involved in up to 40 per cent of all international trade deals.

The International Commodities Export Company (ICEC), a New York-based commodities and raw materials trading house, feels that the global figure of 40 per cent may not be far wrong, and is certainly applicable to trade between the West and Comecon nations.

It estimates that the more narrowly defined countertrade—under which a sales deal is partly offset by a straight buy-back arrangement by the seller—is now 17 per cent of world trade. Its own experiences show that nearly one-third of its business involves barter, compared with under 10 per cent a decade ago.

Countertrade and other forms of strings-attached deals have long been a characteristic of trade between the West and East bloc countries.

The reason, as Emmerson Associated, a London-based consultancy concern, puts it, is the East bloc's chronic need for hard currency and need to use Western trade ties to move its often lower quality goods onto Western markets to boost its own industries and protect trade balances.

But these problems are now becoming an increasing factor in the trading patterns of the West's developing and industrialised countries.

Many developing nations, although they have an abundance of natural resources, are faced with meeting the needs of large populations on diminished earnings from commodities whose prices are falling to record lows. To curb unemployment and maintain economic equilibrium, they are having to shift to barter arrangements.

Many find they are able to propose and even win substantial deals with once-reluctant industrialised trading partners who have traditionally decried tied trade arrangements.

The issue at stake was summed up recently by Mr Locksley Hervey of Jamaica's Bauxite Alumina Trading Company after announcing an alumina-for-cars deal with the U.S.

"The Government is willing to take advantage of the fact that while the depressed market means much of our bauxite is unsaleable, a lot of motor vehicles being produced in countries today are themselves not being sold."

In addition to Indonesia, the biggest thrust into bartering has come from Iran. Other countries, such as Brazil, the Philippines, New Zealand, Ecuador, Libya, and Nigeria have a series of individual deals to offset their payments problems.

The Iranian push, dating from the fall of the Shah in 1979, has gained momentum. It recently signed an economic exchange agreement with China worth $500m, of which $300m is to involve barter, one of many such deals concluded in the region.

Even Japan, with probably the world's most sophisticated trading system, last year agreed to a formula under which it receives inexpensive Iranian oil in exchange for steel, construction machinery and other materials.

The current inertia in world trade helps explain the phenomenon.

The total value of world trade is estimated at $2 trillion (million million) for 1982, virtually unchanged from 1981 and marking an abrupt end to two decades of unremitting trade growth, reports the General Agreement on Tariffs and Trade (Gatt).

To meet the barter challenge, many banks have stepped up their own activities so as to better counsel borrowers who are increasingly finding strings attached to deals.

British and European banks have been accustomed to the intricacies of complicated trade deals because of their more historic trade links with the Comecon bloc. But many report an upsurge in customer queries, and some have increased their own staff of experts or extended ties with barter trade consultants.

The U.S. last year passed the Export Trading Company Act which embraces the Bank Export Service Act. The legislation permits bank holding companies to invest a small proportion of its capital in export trading companies. Various U.S. banks are taking advantage of the legislation to broaden involvement in barter trade. For example, Citicorp International Bank, the London-based merchant bank and unit of the U.S. banking giant, recently took on Mr Daniel Nash, a trading industry veteran of nearly 20 years' experience, as its director of countertrade services.

Mr Nash notes that pure barter deals, where goods are swapped without any recourse to finance, are quite rare. Money remains the key common denominator in barter trade—even if its role is secondary, such as paying shippers, handlers, consultants and agents. Without money, deals stand little chance of being completed.

To be sure, bartering, particularly through offset deals in client countries, has long been a practice in the aerospace industry. What many manufacturers have found out is that there is no longer any offset to spread around. In order to win deals, they have had to take on responsibility for marketing a wide range of curious goods from customer nations.

In one case, McDonnell-Douglas, in order to win a major Yugoslav aircraft contract had to agree to promote sales of Yugoslav hams, textiles, leather goods, foods, travel tours and wine.

It is because of such deals that industrialised countries condemn barter as a threat to free trade. It is bilateral in nature, and it often involves goods that do not meet acceptable market criteria.

"We can't actually prohibit barter trade," a U.S. Commerce Department official said recently. "But this administration's policy is to oppose barter trade arrangements that impose counter trade arrangements."

Within weeks of that statement, a team of U.S. Congressmen and agricultural officials were in Kenya discussing a swap of U.S. grain for Kenyan coffee, tea and organic insecticide.

As one City of London exporter pointed out; barter trade "is a little like adultery: though we protest about it, a lot of it goes on—and often in the best of families."

SIXTEEN CANADIAN companies vying for $90m (£60m) in coal mine development contracts face elimination from the bidding unless they sign countertrade pledges with Indonesia, AP-DJ reports from Jakarta.

A Canadian Government official said the Indonesian Government had threatened to open the contracts to international bidding if so-called "counter-purchase letters of commitment" were not signed by the end of February.

The Asian Wall Street Journal reported that the letters would commit the Canadian concerns to import an amount of Indonesian goods equal to the value of their contracts.

The Canadian official said he was not certain what the 16 companies had decided to do. "But it's a good bet that most of them will sign the letters." The names of the companies bidding were not disclosed.

The dispute over the Canadian contracts appears to be the first time a government has objected to the Indonesian policy.

Indonesian trade statistics list $347m in contracts signed with counter-purchase commitments since the policy began in January 1982. So far, however, only $65.6m in Indonesian goods have been exported.

The contracts sought by the 16 Canadian concerns are for railway equipment and other supplies needed to build a transport line to the Bukit Asam coal mine in south Sumatra.

The contracts are part of the $1.37bn project under way to expand and improve the mine.

HONG KONG MASS TRANSIT SYSTEM

British share of contracts tops £130m

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

BRITISH companies have won contracts worth more than £130m for the direct export of goods and services to the Island Line being constructed by the Mass Transit Railway Corporation of Hong Kong.

The total was reached yesterday when the Export Credits Guarantee Department (ECGD) announced it would cover a loan arranged by Lazard Brothers of HK$59.6m (£5.8m) to support a contract won by GEC Rectifiers for electrical equipment.

This brings to HK$1.15bn (£112m) the value of export finance supported by the ECGD for the Island Line extension. But ECGD covers only 85 per cent of the value of British goods and services. So the value of the British goods and services being supplied is at least £131.7m.

The financing is split into 14 individual deals, covering a HK$566m loan backing an order won by Metro-Cammell for rail cars and the 13 contracts listed in the accompanying table.

No more significant contracts for the Island Line are expected. The deals for direct British exports represent just over 12 per cent of the HK$11bn which the Mass Transit Railway Corporation expects to spend on the construction of the Island Line.

But the exact value of contracts won by British companies is considerably higher than £131.7m because of the substantial local procurement and contracting work involved.

Contracts for the Island Line have been flowing through steadily since the end of 1981, but the financing arrangements for the deals listed in the table were arranged from January 1982 onwards.

Financing has been arranged on credit terms of between two and five years. The Mass Transit Railway Corporation will be paying interest ranging between 9.0 and 10.5 per cent depending on the date when the commitment to provide finance was made.

These interest rates reflect Hong Kong's status in the international guidelines covering the conditions for the offer of export credits. It is classified as a borrower of intermediate status.

The first part of the Island Line is scheduled to open in 1985. It runs for 12.5km along the coast of Hong Kong Island opposite Kowloon and has 14 stations.

It is the second stage of a major expansion of the mass transit network in Hong Kong and follows the completion last year of a 10.5km extension on the Kowloon side. This extension links with the Island Line.

The Mass Transit Railway Corporation is owned by the Hong Kong Government which has been seeking partially to pay for the Island Line by the sale for property development space at the stations. But the fall in property values has temporarily damaged the scheme.

HONG KONG — MASS TRANSIT RAILWAY ISLAND LINE EXTENSION

(UK contracts and loans)

Contract	Exporter and location (J/V=joint venture)	Agent bank	Loan value (HK$m)
Construction at Admiralty station	Marples Ridgway, Bath	Hill Samuel	17.0
Construction of sea wall at Chai Wan depot	Marples Ridgway, Bath	Hill Samuel	10.0
Train-borne equipment for automatic train operation	Westinghouse Brake & Signal Chippenham	Lazards	36.3
Construction of concourse at Causeway Bay	Marples Ridgway, Bath	Hill Samuel	18.7
Construction of Sai Wan Ho concourse	Gammon/Keir/Lilley J/V	Lazards	77.4
Plant, materials and services for construction of Shau Kei Wan station	Gammon Services, London	Lazards	88.9
Track foundations and rail track	Henry Boot/Gammon J/V, Sheffield	Lazards	62.7
Rail and chopper cars	Metro-Cammell, Birmingham	Lazards	88.3
Pak Sha Wan to Chai Wan viaducts and 3-storey Chai Wan overhead station	George Wimpey, London	Standard Chartered	25.4
Small hardware contracts and consultancy services	(Line of credit)	Lazards	60.0
Electrical and mechanical equipment and services for Chai Wan depot	Haden International, London	Antony Gibbs	34.3
Dual-mode locomotives	Brush Electrical Machines, Loughborough	Lazards	11.1
Supply and installation of electrical equipment and fittings for 14 stations in extension	GEC Rectifiers, Stafford	Lazards	59.6
TOTAL HK$ million			589.7
(Approximate sterling equivalent at HK$10.2 to £1)			(£57.3m)

Source: ECGD

Thai Airways postpones decision on new aircraft

BY JONATHAN SHARP IN BANGKOK

THAI AIRWAYS International, as expected, has postponed a long-awaited decision on buying new aircraft, airline officials said yesterday.

The Thai national flag carrier has been hanging fire for months over whether to stick to an original $116m (£77m), order for two A300 European Airbuses or to switch to Boeing's new 767 semi-widebody.

The decision is regarded as an important indicator as to which aircraft will pick up the lion's share of future orders in the expanding South-East Asian market for medium-haul airliners.

A meeting of the Thai airline's board of directors this week agreed to ask Boeing to extend a March 1 deadline for deciding to buy the 767.

The board also agreed to ask Boeing and France-based Airbus Industrie to submit new sales proposals, on the basis of which the airline will reach a final decision by April 30.

The Thai airline postponement reflects deep differences of opinion between company officials, and also in the Thai Government, over whether to choose Airbus, Boeing, or not to buy any new aircraft at all.

Thai International has long been a good Airbus customer and now operates 10 of the A-300 model.

Scandinavians and U.S. reach air accord

WASHINGTON — The U.S. and three Scandinavian countries have reached a new aviation accord that permits increased U.S. and other service by SAS, the Scandinavian airline, and allows additional fare flexibility.

The agreement paves the way for participation by Denmark, Norway and Sweden in an understanding between the U.S. and the European Civil Aviation Conference, which was signed last May and renewed for nine months on February 1 this year.

That understanding provides substantial flexibility for U.S. and any European carriers to raise or lower fares without Government approval.

This flexibility allows U.S. and European airlines to offer a variety of discount fares, including scheduled-service fares as low as ones offered on charter flights, the U.S. Transportation Department noted.

The agreement permits SAS to offer round-trip service between the Scandinavian nations and Anchorage, Alaska, and Tokyo. It also will be able to offer Scandinavia-Puerto Rico flights.

AP-DJ

West Germans share in £88m *mining order*

COLOGNE—The state-owned Indonesian mining company, Tambang Batubara Bukit Assam, has granted an order worth DM 320m (£88.8m) to a consortium consisting of OK Orenstein und Koppel PHB Weserhuetta, and Marubeni Corporation, PHB said.

The order covers delivery and assembly of mining equipment for the Air Laya lignite mine in south Sumatra which supplies the Suralaya power station in North Java.

The equipment includes a 27 km conveyor belt system, supplied by Marubeni, and five compact bucket wheel dredgers, supplied by OK.

● Malaysia's Sarawak Electricity Supply Corporation (Sesco) has signed a contract with Marubeni of Japan for building a transmission line from Batang, a hydroelectricity project in the second division, to Kuching. Construction of the 216 km, 275-kilovolt double circuit would cost Ringgit 47.4m (£13.8m).

Agencies

Rockwell unit awarded $97m Saudi contract

Rockwell International Corporation said its Collins Systems International Inc subsidiary was awarded a $97m (£64.6m) contract to supply microwave equipment and services to Saudi Arabia.

The equipment will be used in the Saudi Arabian intra-kingdom microwave expansion programme.

The Rockwell unit will handle engineering, manufacturing, installation and testing of high-density microwave equipment at more than 160 relay stations in Saudi Arabia.

The project is scheduled for completion in December 1985.

Reuter

Hungary and Saudi Arabia in joint trading venture

BY DAVID BUCHAN AND TOM SEALY

HUNGARY AND Saudi Arabia have formed a joint trading company as a conduit for bilateral trade. It effectively constitutes the opening of commercial relations between the two countries, and is the first such venture in Comecon for Saudi Arabia, which has no formal diplomatic links with East Bloc Communist countries.

The new company, Skala-Arab Trade Promotion Limited, is established under Hungary's relatively liberal joint venture legislation and has its headquarters in Budapest.

The partners, each with a one-third share in the new company, are Skala Co-operative, the largest retailing and department store chain in Hungary, the Saudi Caravan Transport Establishment of Damman, and the Hungarian International Bank (HIB) which is the London-based subsidiary of the Hungarian national bank.

The new company was set up on February 2 in Zurich, between Mr Sandor Damjan, general manager of Skala, Sheikh Karim Al-Quraishi, chairman of Caravan, and representatives of the HIB.

Even though the new company has not yet formally obtained a trading licence from the Hungarian authorities, it has already concluded its first deal—the sale by Tungsram of Hungary of $3.7m (£2.4m) worth of lighting equipment to Saudi Arabia.

Capitalisation of the Skala-Arab company is a relatively small $300,000, but its trading potential is believed to be considerable.

In the absence of diplomatic relations, Saudi Arabia has hitherto traded indirectly with Hungary, as with all Comecon countries.

Hungary has become increasingly keen to increase its exports, particularly agricultural goods, to the Middle East where it can earn hard currency without encountering the protectionist barriers in the West. The fall in the Opec oil price has also increased the readiness of both Comecon and Middle East countries to enter into barter arrangements.

International Property and Building Review

Every Friday, the Financial Times publishes a detailed review of the activities in the UK and international property markets.

Specialist FT writers look at the background to the week's headline making news, profile leading personalities and examine trends in the property development market.

Similarly every Monday Financial Times journalists turn their attention to the building and civil engineering fields with particular focus on recently-awarded British and international contracts, general industry news and feature articles on major developments in these important economic sectors.

UK NEWS

Lloyd's to make fuller disclosure under new rules

BY JOHN MOORE, CITY CORRESPONDENT

THE DEPARTMENT of Trade, Britain's ultimate regulatory authority of the insurance community, yesterday announced new regulations for the Lloyd's of London insurance market requiring it to provide fuller information about its affairs in its annual statement to the department.

New requirements, set out in regulations presented to Parliament yesterday, result from discussion in recent years between Lloyd's and the authorities aimed at modernising the annual statement of business which has remained unchanged since 1950.

The new statement takes into account the trend towards fuller public information about insurance business and other developments including European Community directions on insurance.

Regulations require more information to be provided about the business transacted, the assets and liabilities of the members of Lloyd's in total, and the resulting solvency position.

Business transacted will be analysed in greater detail, taking account of the classes of general business specified in European Community directives and UK legislation.

Raymond Hughes adds: Mr Christopher Moran, who was expelled from the Lloyd's market last October, yesterday sought leave to challenge the finding by a Lloyd's arbitration umpire that he had been guilty of discreditable acts.

The Court of Appeal will give judgment today on his application for leave to appeal against a Commercial Court judge's refusal to set aside the finding on the ground of alleged errors by the umpire.

In October, the Commercial Court rejected Mr Moran's criticisms of the umpire.

UK deep in deficit on travel account

THE BRITISH rush for foreign holidays has pushed the UK deep into the red on its travel account. The 1982 deficit of £408m compares with a 1979 surplus of £688m – in spite of Britain itself improving its tourist receipts.

Latest figures from the Department of Trade indicate that there were more than 20m trips abroad by the British last year, a rise of 7 per cent. The big jump, some 15 per cent, was in trips to non-EEC Europe, which includes the package tour heartlands of Spain, Greece and Portugal.

Spending by UK residents rose by 11 per cent to £3.64bn.

The number of foreigners coming to the UK rose by 2 per cent and spending went up by 9 per cent to £3.23bn. Given world wide economic problems this will be seen in many quarters as a creditable performance.

Sir Henry Marking, chairman of the British Tourist Authority, said last night that when fares paid by overseas visitors to UK air and shipping lines were included, total earnings by Britain from travel will "without doubt have passed the £4bn mark for the first time in any one year."

He was sure that tourism would be confirmed as the nation's top invisible export.

Brewery investment

BREWERS plan to spend £850m on their 49,000 public houses during the next three years, reflecting the shift in the industry's investment away from productive capacity to retailing.

Mr Charles Tidbury, chairman of Whitbread and also of the Brewers' Society, said yesterday that the industry planned overall to invest £1.58bn in 1983–1985.

Faster to Berne

COMPETITION ON the air route between London and Switzerland will intensify from early May, when Dan-Air the UK independent airline introduces the new British Aerospace 146 four-engined regional jet airliner on its scheduled service route between Gatwick airport and Berne. The airline currently uses turbo-prop aircraft on the 2½-hour route, but the 146 will cut flying time by about an hour.

Support grows for strikes in Welsh coal dispute

BY JOHN LLOYD, LABOUR EDITOR

SUPPORT for the South Wales miners' strike gathered strength yesterday as most of the National Union of Mineworkers' (NUM) area leaders either told their members to strike from midnight on Sunday, or urged them to vote for a strike next week in ballots to be held over the next few days.

A large number of officials pointed to the rumoured appointment of Mr Ian MacGregor, chairman of the British Steel Corporation as the next National Coal Board (NCB) chairman as a cause of fear and resentment among miners, greatly increasing the likelihood of a national strike.

Mr Mick McGahey, the miners' vice-president and Scottish area president, attempted to put steel into his members when he gave a warning that Mr MacGregor would find a different scene in the coal industry because miners would resist mass closures.

However, officials expressed doubt about their members' response to strike calls. Neither the board, nor Government ministers, believe an effective strike will take place, largely because of the very high coal stocks at power stations.

The Central Electricity Generating Board (CEGB) said last night that stocks stood at 24m tonnes, unusually high through a combination of a mild winter, industrial recession and heavy buying from the coal board.

Yesterday's decisions to support the Welsh miners included calls for strikes from midnight on Sunday from the left-led Scottish and Kent areas, and recommendations to vote for strike action, in ballots later this week or early next, from the Durham and Lancashire coalfields.

The Nottinghamshire area, the country's second biggest coalfield, hardened its line taken on Monday of calling for a special delegate conference when its branch officials voted for a ballot, accompanied by a strike recommendation, to take place next Tuesday.

The Yorkshire area, the biggest coalfield has already been pledged by its executive to strike action from midnight on Sunday, while Derbyshire branch officials meet tomorrow to decide on their action.

Mr James Cowan, the NCB's deputy chairman, said he welcomed the ballots in those areas which had called one – a clear indication that the board believes that the rank and file is against a strike.

Mrs Thatcher: alternative jobs offered to miners

Mrs Margaret Thatcher, the Prime Minister, defended the NCB's decison to close the Tymawr – Lewis Merthyr Colliery – the flashpoint of the South Wales strike – repeating the coal board's theme that alternative employment had been offered to all miners at the pit.

She told the House of Commons during question time yesterday that "subsidies to cover losses in Wales run at about £125m a year, or over £5,000 a head".

However, Mr Neil Kinnock, shadow Education Secretary and MP for Bedwellty, a Welsh constituency, said in a statement that "while the miners of South Wales are obviously fighting in self-defence, they are also fighting for every schoolchild and shopkeeper in the area."

Robin Reeves writes: In the early part of this century, the Rhondda valleys were the scene of the biggest concentration of coalmining activity in the world. Some 40,000 miners, employed at 60 collieries produced nearly 10m tons of coal a year.

At its peak in the 1920s, the Welsh coalfield employed 270,000 miners who produced more than 50m tonnes of coal a year.

Today there are just two collieries left in the Rhondda. One is Tymawr – Lewis Merthyr, the pit at the centre of this week's South Wales miners' strike, the other Maerdy, whose future is also in doubt.

Mrs Thatcher's reported plan to switch Mr Ian MacGregor from British Steel to head the National Coal Board has strengthened feelings of militancy in South Wales.

Maestro orders worth £100m give BL record day's takings

BY JOHN GRIFFITHS

AUSTIN ROVER said yesterday it had received £50m in orders for its new Maestro model from fleet and business users. It said further orders, worth another £50m, were in the pipeline, from fleet buyers who would be renewing their contracts in the next few months.

The company said the majority of these orders were conquest sales from other manufacturers. The Maestro's main rivals are the Ford Escort and Vauxhall Astra, though Austin Rover says it expects to capture sales also from the larger Ford Sierra and Vauxhall Cavalier models.

The £100m orders and potential orders represent 20,000 cars at showroom prices and, in cash terms, is the biggest announced by a BL company on the day of a model's launch.

Austin Rover said 4,000 of the orders were spread across rental and leasing companies, with 6,000 firm orders placed by a further 200 companies. It is having no problem meeting initial demand. A launch stock of more than 9,000 was its highest ever, with a further 3,000 cars awaiting distribution. Production at Cowley is running at the rate of 2,500 cars a week. Mr Jeffrey Johnson, fleet sales director, said: "So far, the response to the car has been terrific."

Another company spokesman said dealers had reported a total of 400,000 visitors to showrooms yesterday as the Maestro was unveiled. One dealer claimed he had been inundated by 000 people at his own launch presentation.

In an attempt to boost fleet sales further, Austin Rover has 60 fleet sales teams touring individual businesses with test models.

● Small investors with orders averaging £1,000 each rushed to buy BL shares yesterday after the heavy publicity given to the Maestro.

As a result, the share price jumped by nearly half and ended the day up 10p at 32p, the highest level for many years.

When the Government moved in to save BL in 1975 it offered to buy out all the shareholders, but some refused to sell. Since then more than £2bn of new equity has been issued to the Government, leaving the private shareholders with less than 1 per cent of the issued capital.

The arrival of the Maestro was also reflected in the price of the shares in two of BL's suppliers. AE, the former Associated Engineering group, rose 3p to 30p and Lucas was up 6p to 140p.

London inquiry into rival transport plan

By Lisa Wood

LONDON Transport was described as a "sitting duck" yesterday at a public hearing into plans for 500 privately operated minibuses in London.

Mr Anthony Shepbard, a former Transport Commissioner in Hong Kong and principal director of Associated Minibus Operators, (AMOS) which plans to operate the service on four radial routes, said London Transport's bus services had been unable to expand in any significant way for some years and the general picture was of decline.

It was the view of AMOS, that it should be allowed to compete with London Transport and demonstrate what the private profit motive could do.

The proposal is for one-man, 16-seat buses to provide services running at an average of two minute intervals. The maximum peak period fare for five miles and more would be 70p, falling to 30p for less than two miles. Off-peak fares would range from 20p to 55p.

The application is being opposed by Loodon Transport, British Rail, Greater London Council, several London boroughs, taxi drivers and trade unions. The hearing continues.

Tozer, Kemsley likely to sell forest group

BY JOHN MOORE, CITY CORRESPONDENT

TOZER, Kemsley & Millbourn (Holdings), the troubled international trading group, is considering selling the Price & Pierce group of companies which form its important forest products division.

No announcement has yet been made by the company on the future of Price & Pierce, which is understood to have sales of about £450m and pre-tax profits of £1m, but a management buy-out is one of the possibilities which is likely to be explored.

Tozer, Kemsley acquired Price & Pierce in 1971 in a £7.3m agreed bid after J.H. Vavasseur, the financial services group, had initiated talks with Price & Pearce which might have led to an offer.

Tozer, Kemsley has suffered a suffered a period of falling profits since 1979, when group pre-tax profits were £16m. For the first six months of its 1982 financial year, the group sufferd losses of £1.35m. It had made profits of £65,000 for the comparable period a year earlier.

The group has made a string of major disposals in the last few years since the profits collapse.It disposed of its travel companies to Rank Organisation in a deal worth £14.5m. Last year it sold an inital 80 per cent stake in its international trade finance division (TKM International) to Hongkong and Shanghai Banking Corporation for £19m. Hongkong and Shanghai Banking Corporation later purchased the remaining 20 per cent stake for £4.8m.

At the end of last year, Mr Malcolm Horsman, the group's managing director, was dismissed because, according to Sir Montague Prichard, deputy chairman, "he did not not fit into our future plans."

In the last published accounts for Tozer, Kemsley – for 1981 – it was reported that profits for forest products (Price & Pierce) had primarily suffered a setback in a difficult year, from extraordinary losses as a result of withdrawal from loss making activities.

More petrol sold

PETROL consumption in Britain is slowly rising again but the number of retail outlets continues to shrink.

Institute of Petroleum figures show that the amount of petrol bought by British motorists last year increased by 3.7 per cent, but the number of petrol stations went down by 2.6 per cent.

THE ARTS

Lent/Lyric Studio, Hammersmith

Michael Coveney

Lent by Michael Wilcox is a most surprising and enjoyable new play which creeps stealthily upon an audience and leaves it, I suggest, humming quietly in the dark. The world evoked is one of Proustian recollection, memories lit by summer days in a preparatory school where Paul Blake, on the verge of adolescence, is confined for the Easter vacation of 1956.

Paul's school is also his home. His grandmother has funded the institution her late husband started and he is the heir apparent. This situation sets up a series of richly resonant encounters between Paul and the present headmaster, the headmaster's wife and a friendly old teacher who is trapped, like Paul, in the bosom of *alma mater*. Mr Wilcox weaves his unique and touching spell with great assurance and sensitivity.

His work receives wonderful realisation in Christoper Fettes' production, in which the characters are seen in sharply etched relief against a gauze backdrop of woodland beauty, an arrangement of three flats on which are hung the trophies of prep school memorabilia; and some solid furnishings. John Otto's design is ingeniously angled for an audience seated on two sides of the house.

The effect is to create a curiously poignant, Gallic picture of the happiest days of your life. Jonathan Kent plays Paul with the voice of an adolescent and the dash of a juvenile lead. He has forsaken chocolate for Lent, but indulges in enthusiasms for the latest in popular fiction, cinema and radio programmes. His parents have been killed in an aeroplane crash and his impatience with the promise of maturity is tempered with regret at his friends' loss of physical innocence. With old Maitland (a performance of rare power and delicacy by Wensley Pithey) he celebrates the cricket pitch, the Goons, Joel McCrea in *Buffalo Bill* and the magical intrusion of great music on his life.

The startling quality of the play derives in part from its very originality and strangeness. All the characters are fully fleshed out: Patience Collier's testy grandmother is a rich amalgam of Sondheim's Madame Armfeldt and Dickens's Miss Havisham; Dennis Edwards offers an old-style teacher who is a powdered mask of 1950s propriety and bottled frustration; Jean Anderson as his wife concentrates a lifetime's disappointment in the lifting of a sherry glass. Over all hangs the prospect of the leavers' talk when all, alas, will be brutally explained. The lighting of Dave Horn and the exquisite soundtrack of Matt McKenzie play their part in creating an evening of elusive, but never precious, charm.

Patience Collier and Jonathan Kent

Television/Chris Dunkley

A wayward missile from the west

As a non-scientist I was always fascinated during the early American space programme by the tantalising slowness of rockets taking off. A physics minded friend explained that there was a critical balance between fuel weight and thrust: each time you poured a little more fuel into a rocket to enable it to get a bit further out of the earth's gravitational field and closer to the point where it could put a satellite into orbit, you made it heavier, so you needed yet more fuel to lift the thing off the ground. This process, he said, reached the point where the fuel was so heavy that available thrust was only just capable of moving the rocket at all, and half your entire supply of fuel was needed to lift the rocket the first 20 or 30 feet. Hence that hypnotic slowness during the early moments of lift-off and sometimes the appearance of hovering in mid-air.

So far as rocketry is concerned this may be the absolute truth or sheer baloney but it certainly provides a wonderful metaphor for intercontinental ballistic TV series, of which the American import *Masada* on BBC-1 has proved a stereotypical example.

First you construct your vehicle: six hours of script about the Roman siege of the Jewish Zealots' stronghold in a fortress called Masada in the Judaean desert in 70 A.D. You pour in millions of dollars as fuel, but realise early on that the outfit is so hefty you are never going to get it off the ground without something abnormally explosive underneath it. So you hire not only Peter O'Toole to play General Flavius Silva, leader of the Romans, and Peter Strauss as the Jewish guerrilla leader Eleazar, but also Timothy West for the Emperor Vespasian, David Warner for the part of the slimy Falco, Anthony Quayle as the venerable siege engineer Rubrius Gallus, and whole cohorts of familiar faces from British Spotlight to play lesser Romans.

With all that weight you need more thrust than ever, of course, to get airborne. So at vast expense you send it all out into the desert. You pay thousands of extras to add to the impetus, build a couple of working ballistas, and when the whole thing still remains stubbornly earthbound you throw caution to the winds and chuck in a handful of dynamite: not just a courtesan for the Roman general but a Jewish one.

Despite all that it never did take off properly, let alone go into orbit, but simply hovered uncertainly in mid air for six hours, and then toppled off its gantry into the sand. As with so many previous American blockbusters the determination to pack in everything that could possibly make the trip more interesting for a large number of viewers ended by ensuring such unwieldiness that lift-off could not occur.

Still, all sorts of pretty effects were visible during the hovering, including a performance from O'Toole which was at least as impressive as his personification of Lawrence. Overcoming a script which departed from the mediocre only to descend into bathos—"Eleazar! Yer better say sumpn!"—O'Toole painted a picture of the aristocratic scion of the greatest empire the world had ever known, full of warfare and education and weariness, slumming it with his portable bathtub in a foreign desert, never doubting for a moment that his way and his philosophy were superior.

This, clearly, was precisely what writer Joel Oliensky and director Boris Sagal wanted us, and more importantly the American viewing public, to doubt. No trick was missed in the striving to depict the Romans as supercilious imperialists (not only did they behave *like* English Redcoats taxing American colonists they even spoke in the same accents thanks to careful casting) and the Jews as god fearing, freedom-loving guerrillas fighting for independence (to a man the Zealots, of course, spoke good old American).

This propaganda element, with Masada obviously a metaphor for the embattled state of modern Israel, eventually became so tedious that one began to wonder resentfully whether the smack of firm government from Rome and a few Roman roads and Roman laws might not actually be an improvement on the folk dancing (however earnestly ethnic) tribalism (however hallowed) and mysticism (however intense) which were clearly supposed to make us misty eyed.

At just about the time that the invaders, all dressed in blood-red, were being particularly beastly to the dear old rabbis, all dressed, naturally, in spotless white, I began to muse that *Masada* must have come into production some time before the Chabra and Chatila massacres.

Then, in one of those curious juxtapositions which the video recorder is making increasingly common, the next programme on my tape turned out to be *World In Action* which had gone to Judaea in 1983, now part of the West Bank. It opened with a sad Palestinian farmer claiming "They destroyed our trees. This is our land. They have taken our land." Nowadays of course "they" are not the Romans but the Israelis who, according to the commentary, have commandeered 40 per cent of the West Bank land in defiance of international law.

There is, I think, more than mere irony in the meeting of these programmes on my cassette; anyway, they made two points clear to me. First, *Masada* conveyed unmistakably the strength of Jewish / Israeli / Zionist feeling in the U.S., and —thanks to "American cultural imperialism" or in other words their insistence on making internationally popular programmes—the ease with which such feelings can be exported when it happens to be manifested by a costume drama.

Second, despite repeated claims in this column that drama can often convey greater truths than documentary (whose "truth" would you preserve for posterity if you had to choose between Hollinshed and Shakespeare? No contest) it is also true that a well-made documentary can still reach parts that drama cannot reach.

World In Action's West Bank programme was one example last week, and the second of Lavinia Warner's Channel 4 documentaries *Jolted By The British* was another. The first of Warner's programmes was interesting enough with its account of Britain's internment of refugees and citizens of German and Italian descent, yet many viewers will already have had some idea of this what with the famous formation of the Amadeus Quartet behind the wire.

However, watching the second programme was like discovering in middle age that you have an extra and somewhat peculiar brother that you never previously knew about: it seems the British locked up half a million German PoWs, many of them rabid Nazis, in 1,500 camps. While we hear endlessly about the exploits of our chaps in Germany tunnelling away under vaulting horses and knocking up gliders in the attics of Colditz, which of us realised that their German counterparts in Britain were being "re-educated" under a programme which involved taking them to the House of Commons and the Windmill Theatre?

No drama could possibly have conveyed all this with anything like the impact which Warner's programme achieved by being factual, if anything understated, and relying on interviews and archive footage. And where has that footage been, incidentally, during the making of all those previous series about World War II?

With *Year Of The French*, yet another Channel 4 series, we are back once again to war, back to drama, and if the first third of another six-hour blockbuster is fairly representative, perhaps back to the hovering rocket. Since the date is the late 18th century there is, clearly, no question of archive film. Furthermore in contrast to *Masada* this co-production between Ireland's RTE and France's FR3, directed by Michael Garvey, appears to have carefully developed ideas of historical and artistic integrity: not only do we get sub-titles when the French speak but when the Irish speak too because they often use Gaelic.

It is just possible that it could still turn into a nastily manipulative attempt to influence the world's view of modern Ireland, but that looks highly unlikely. One's fear is simply that despite the fuel provided by two armies, and some admirable acting including an unusual and welcome television appearance by Robert Stephens, the vehicle may never get going *fast* enough to go into orbit.

Barbara Carrera and Peter O'Toole in "Masada"

SPNM/Abbey Road Studios

Andrew Clements

The second of the London Sinfonietta's recording sessions for the Society for the Promotion of New Music at EMI's Abbey Road studios on Monday was a happier occasion than the first, three weeks ago. Pieces by Martin Butler and Rupert Bawden, composers in their early twenties, were given two performances each. They made a satisfying contrast of method and intention: Butler the superior craftsman, concerned with proportions and balance, Bawden more wilful and uncaring, ultimately perhaps more exciting.

Butler's *From an Antique Land* takes Shelley's "Ozymandias" as a starting point for a fine 15-minute essay in block sonorities. It's scored for wind, percussion and a piano that functions as a link between sections, pulling the connecting threads into short cadenzas. The scoring is dense but infallibly voiced; an alto saxophone cuts through the textures with an unchanging melody while the supporting instruments work up to a magnificently engineered climax, a superimposition of blocks that is unwound in a chorale dwindling to nothing. The progress of *From an Antique Land* is sure, though the material is unremarkable and the ending just a little too obvious. But Butler's concern was quite clearly with method, and that he handles most impressively.

In *Three-Part Motet*, Bawden packs a great deal into little more than five minutes' music. Three texts are sung simultaneously by soprano, mezzo and bass soloists; all of them relate directly or indirectly to the Passion of Christ. The music moves at a prodigious rate, throwing off ideas as it goes, generating some wild climaxes and some energetic textures as the orchestra leaps at tangents from the vocal settings. It is ambitious and exhausting; though the work is underpinned by a positive harmonic scheme, the tangles of voice and instruments are sometimes just too unruly. For a conductor it presents some tricky problems, and Richard Bernas managed it most assuredly. The singers were Penelope Walmsley Clark, Joyce Jarvis and Terry Edwards.

Television/The Catherine Wheel

Clement Crisp

Filming dance for television is a vexed matter, a tight-rope walk between the straight record of a stage production and a director's "interpretation" of that work, in which what the camera shows of a danced action is not necessarily (and sometimes not often) what the choreographer wished to stress for his theatre audience. Too rarely does the choreographer have any say in the image shown on the screen: Jack Gold's documentary with Kenneth MacMillan, *A Lot of Happiness*, a shining example of sensitivity in this matter.

With *The Catherine Wheel*, seen last night in BBC2's *Arena*, the producer, Alan Yentob, had the good sense to give us Twyla Tharp's own version for the camera of her choreography, and brilliantly exhilarating it was.

The Catherine Wheel was seen in the Tharp company's season in New York in the autumn of 1981. It represents a further and important step in Miss Tharp's creative journey, which has brought her from the minimalist and iconoclastic pieces of the late 1960s, through the super-danced dazzlers of the 1970s (*The Six Pieces*; *Baker's Dozen*; the *Deuce Coupe* and *Push Comes to Shore* made for ballet companies), to her recent concern with narrative in *Short Stories* and *When We Were Very Young*.

The Catherine Wheel is "about" narrative, as it is also "about" the quest for spiritual perfection identified with St Catherine of Alexandria, "about" energy used and abused in a nuclear age, and inferentially "about" dance as a way of endeavour and purification. It is also, and this seems to me central to the programme, about how a dance-creator, fascinated by the possibilities of film and video, can use every trick in the book (and, as we saw, devising tricks which will now go into the book: Miss Tharp is as resourceful and imaginative with the camera as with dance) to show us exactly what she wants us to see. On her terms.

Rich in symbols and allusion, *The Catherine Wheel* contrasts two forces, two narrative elements: an appalling family, whom Miss Tharp exultantly brutalises and loathes, in rabid search of material objects and self-gratification (symbolised by the pineapple, emblem of hospitality but also shaped like a bomb!); and a chorus led by Sarah Rudner, who is a seeker after perfection, haunted by the incorporeal computer-image of the saint (which might also be Twyla Tharp as creator of dances and dancers) who falls victim or sacrifices herself to the pineapple cult.

These two strands run parallel, evoking a dizzying range of meanings and cross-references which we hardly have time—so quick the cutting, so fierce the dynamic energy—to comprehend, until the final 15 minutes. This is the Golden Section, the juciest slice of the pineapple, the Catherine wheel as pyrotechnic glory and exploding rack for the saint. The cast has been whirled back through time to a state of idealised pre-Christian innocence, and is displayed in a sequence of rhapsodically physical dancing.

At this moment the turmoil and anger of their earlier confrontations are contrasted with (rather than resolved by) this celebration of a Golden Age, and the Tharp dancers revealed at their prodigious best. The only disadvantage is the work's score, a miserable yardage of Rock wall-paper, but even this the dances surmount.

The Catherine Wheel is an exceptionally stimulating dance-piece. Difficult perhaps, in that Miss Tharp as director expects us to be lightning-quick on the up-take and ready to seize on every least flicker of her dense action: if ever a television programme demanded to be viewed again and again with a video-recorder, this is it. But a fine, uncompromising achievement: Twyla Tharp, Alan Yentob, and the BBC deserve our gratitude.

Lucia di Lammermoor/Florence

William Weaver

After the warmly-received *Falstoff*, which opened its brief winter opera season, the Teatro Comunale in Florence is now offering a gala new production of *Lucia di Lammermoor*. On its opening night, the reception was again enthusiastic, especially for Edita Gruberova, the Lucia, who was awarded an immense ovation after the mad scene and long applause and cheers during the curtain calls at the end of the performance. It was not hard to understand the audience's jubilant reaction —the Czech soprano did, indeed, provide some poignant acting and spectacular singing—but it was not entirely possible to share it.

Some years ago, here at the Comunale, Gruberova made an indelible impression as Zerbinetta in a visiting production of *Ariadne auf Naxos* with the Vienna company; her recording of the Queen of the Night sounds equally admirable. So she should have been, it seemed, one of those pure, virginal Lucias in the tradition of Toti Del Monte and *Lina Pagliughi*. To some extent she was: the upper part of the voice has a remarkable agility and clarity (and, among other qualities, she has splendidly intelligible enunciation!; but the same agility does not extend to the lower part of the range, and so in her singing there were some dull patches. Stylistically, too, she did not seem always to have thought the part out; at times she indulged in Scotto-like near-inaudible pianissimos. At other times she spoke words that should rightly have been sung.

She was not helped by the slack conducting of Gianluigi Gelmetti. He clearly knows and loves the score, but he allowed it to unfold, most of the time, at a leisurely pace, as if he were lingering over each note, listening to it for his own private pleasure. There was almost no intensity in this reading, and little real communication. Rhythms got smudged, and the drama was largely drained out of the performance. The Edgardo, Alfredo Kraus, has been a Florence favourite for decades; but the voice is inevitably showing the signs of age. Never a huge instrument, it is now often only a fine line of sound. Hearing Kraus these days is like looking at a lovely pencil drawing when one wants a rich, brightly-coloured canvas. *Still, he* retains his familiar, much-admired elegance. In the first act he sounded tentative, cautious; but in his big final scene he managed to convey the ardent power of the music by sheer intelligence.

The baritone, Lorenzo Saccomani (replacing an indisposed Vicente Sardinero), was just adequate; and Agostino Ferrin, as Raimondo, was not in superlative form. Under the circumstances, it seemed unwise to open all the traditionel cuts, as Gelmetti did. Still, it was good to hear the grim Wolf's Crag scene as well as the Lucia-Raimondo duet. The mad scene was also given complete and this extension may have been responsible for the hint of fatigue in Gruberova's voice towards the end of it.

Pier Luigi Samaritani designed moon-lit, romantic settings and appropriate costumes. In the opening scene there was a welcome hint of Millais's Scotland. But Samaritani was also the producer, and here he seemed less secure. He created a broad staircase for the mad scene; there, beforehand, Raimondo told his shocking tale to the wedding guests, who actually moved away from the teller (surely it would have been more natural for them to cluster round to listen). Gruberova's movements on the stairs, too, could have been more carefully worked out, and better lighted. Still, for the most part, this was a production that was pleasant to look at; and even—thanks to some of the singing and to the alert playing of the Florence orchestra — generally enjoyable to hear.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

February 25–March 3

Theatre

NEW YORK

A View from the Bridge (Ambassador): Broadway and Arthur Miller finally have a hit for the new year – Arvin Brown's musty but true revival of the melodrama of forbidden love in New York dockland. Tony LoBianco may reach the full pitch of contrived despair too soon, but audiences love the schmaltz, even in an Italian accent. (239 6200)

The Misanthrope (Circle in the Square): A witty translation by Richard Wilbur challenges an excellent cast to handle rhyme as dialogue which they ably do, led by Brian Bedford, supported by Stephen D. Newman, director Stephen Porter and especially costumer Ann Roth. (581 1346)

The Entertainer (Roundabout 23rd & 8th Av) William Gaskill's evocation production of the John Osborne chestnut stars an appealingly shuffling and quizzical Nicol Williamson while bringing the era of the Suez crisis to an American audience with Michael Sharp's headline dominated set. An excellent supporting cast of Humphrey Davis as father Billy Rice and Frances Cuka as Archie's long-suffering wife Phoebe. (242 7800).

Amadeus (Broadhurst): David Dukes stars as *Salieri* in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Crimes of the Heart (Golden): Despite its genial humour, outlandish events and Pulitzer Prize, Beth Henley's story of three Mississippi sisters boils down to a sitcom sensibility full of gags, good acting and frequent phone interruptions. (246 6740)

Geniuses (Fairbanks): Author Jonathan Reynolds takes advantage of a stint watching Francis Ford Coppola shooting Apocalypse Now to parody the American film industry in this riotous re-creation of a jungle film set awaiting the end of a seasonal typhoon. (432 W. 42nd). (279 4200)

Nine (46th St): *Two dozen women* surround Raul Julia in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

Plenty (Plymouth): Moving on to Broadway from its Public Theatre opening, Kate Nelligan stars again in the New York production of the play written and directed by David Hare about Europe's transition from war to peace over the last generation. (239 6200)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish re-creation of the London hit. (239 6262)

Top Girls (Public): After the Royal Court production enjoyed a short sold-out run, Caryl Churchill's ruminations on ambition and women re-opens with a local cast including film actresses Linda Hunt, Kathryn Grody and Sara Botsford, again directed by Max Stafford Clark. (598 7100)

WASHINGTON

Screenplay (Arena): A circus setting is used by director Zelda Fichandler to present Istvan Orkeny's last play, which creates its own show trials for a fictitious Hungarian politican recalled from his ambassadorship in Paris to witness the testimony prepared against him. (254 9895)

She Stoops to Conquer (Folger): The resident company adds Lucinda Hitchcock Cone as Kate Hardcastle and director Davey Marlin Jones for this production of Oliver Goldsmith's enduring comedy about English rural manners and matrimonial ambitions. (546 4000).

Toyer (Eisenhower, Kennedy Center): Tony Richardson directs Kathleen Turner and Brad Davis in Gardner McKay's new tense and twisted murder mystery set on a California tennis court (254 3670)

Show Boat (Opera House, Kennedy Center): A cast of 50 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs Ol' Man River, Bill and Make Believe. (254 3770)

The Imaginary Invalid (Arena Stage): Guthrie Theatre's associate artistic director Garland Wright presents Argan and company with Marc Antoine Charpentier's original music for Moliere's masterpiece about quackery and hypochondria in the ancien régime. (488 3300)

CHICAGO

The Comedy of Errors (Goodman): With Adriana played by world champion baton twirler Sophie Schwab and Luciana by Gina Leishman who has mastered seven musical instruments, this Shakespeare could be nothing but a circus, especially surrounded by the Flying Karamazov Brothers and street musicians and jugglers from across America in Robert Woodruff's lively production. (443 3800)

Duet for One (North Light Rep, 2300 Green Bay, Evanston): Tom Kempinski's slightly veiled story of the *painful and frustrating* accommodation of a concert artist to growing debility stars Eva Marie Saint. (869 7278)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor. Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

LONDON

A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a Unesco conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (Nehru in the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown. (928 2252).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Yakety Yak (Astoria): Enjoyable pot-pourri of songs by Lieber and Stoller, evocative of the 1950s and '60s, and exuberantly performed by a Liverpudlian quartet of brothers and The Darts. (437 6565).

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

VIENNA

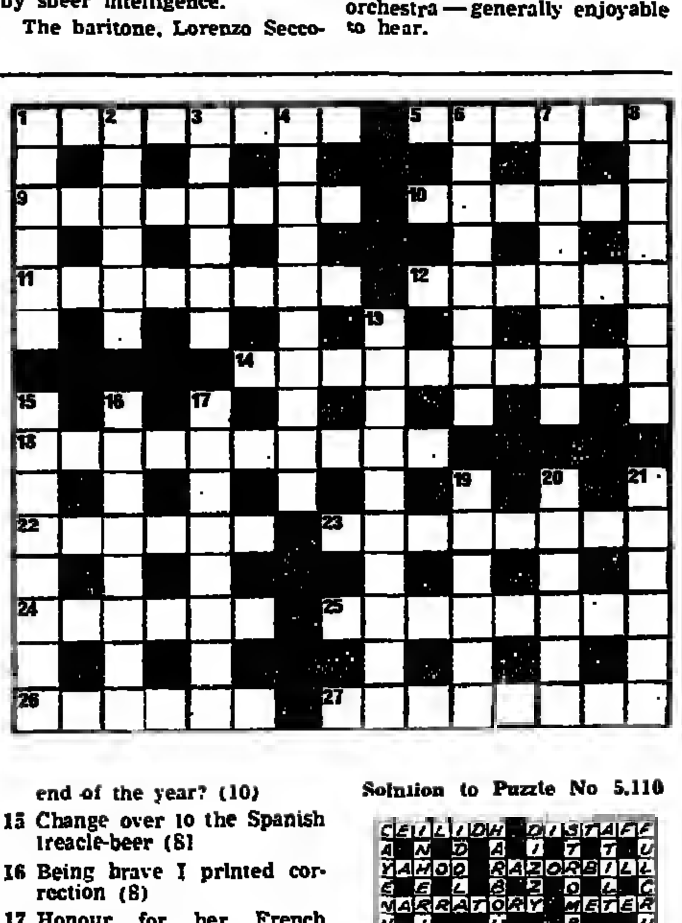
Vienna's English Theatre (421 260): Arsenic And Old Lace (Daily except Sun)

Theater an der Wien (579 632): Anatevka (Daily except Mon)

HOLLAND

Mickery Theatre, Amsterdam: Slow Fate by Mike Figgis, an unorthodox play featuring music and projection as well as actors.

F.T. CROSSWORD PUZZLE No. 5,111



ACROSS

1 Shape not unusual for a carriage (8)
5 These days in piece of counsel (6)
9 Finish love with fish—it can be very hard (8)
10 Melbourne's speech (6)
11 Who ——— and falter life away (Arnold) (8)
12 Shares the first scenario (6)
14 Advantage for journalist to be curious (10)
18 Public school victory at Pennsylvanian town (10)
22 It's turned helpless (6)
23 In which case a Bachelor of Law needs playback (8)
24 Stroke in the boat-race (6)
25 If retired, live somewhere warm (8)
26 Cargo for Bill? (6)
27 Father leaves wild stage party for campaign (8)

DOWN

1 Notice article boil (6)
2 A pound portion of sugar (6)
3 Tom, leading evangelist worshipped at crossroads (6)
4 Blue laws the pair in must change (10)
6 Indeed have chat, otherwise remain aloof (8)
7 Start with secret society perhaps (8)
8 It fast falls but there is still time (8)
13 One against Nicholas at the end of the year? (10)
15 Change over to the Spanish treacle-beer (8)
16 Being brave I printed correction (8)
17 Honour for her French article on Palaeolithic culture (8)
19 Arrived with gunner—means to take a shot (6)
20 Excellent to eat about six (6)
21 Vegetable—put it in for quickness (6)

Solution to Puzzle No. 5,110

The size of word processor your company needs has nothing to do with the size of your company.

On the contrary.

The size of word processor your company needs depends on one thing alone:

The size of the job you want it to do.

This may be blindingly obvious to you. But not it seems to other word processing companies.

Amazingly, we are the only people who make a family of seven different size machines.

We have some that can remember a few lines, right up to giants that can hold the entire works of Shakespeare, and do five function maths for pin money.

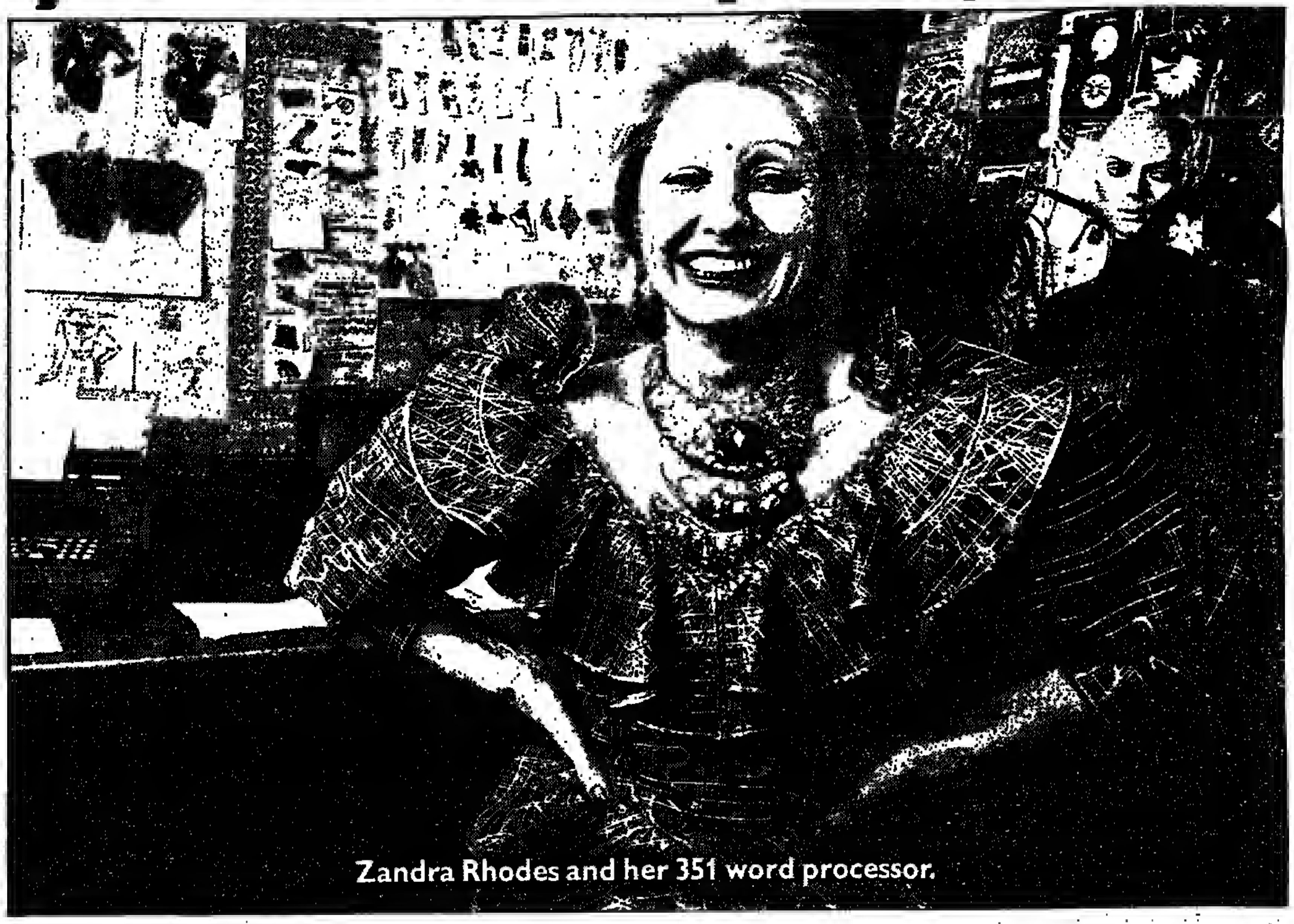
Even more brainy, the smaller members of our family don't have to stay small forever.

Most of them can grow up (and up and up).

So you can start with one that fits you now and upgrade it later.

At Olivetti, we call it the opposite of planned obsolescence: planned evolution.

Let some of our customers explain.



Zandra Rhodes and her 351 word processor.

The size of the job at Zandra Rhodes.

To make it as a fashion designer you have to become a 'name'.

Then you do a few shows.

If you become a big name you do more and more shows. And more and more travelling.

And more and more administration. And, you guessed it, less and less designing.

Unless, like Zandra Rhodes, you go back to the studio after the cocktails. Or before the cutters slope in next morning.

In desperation she turned to Olivetti and rented one of our word processors.

We recommended our 351. The first of our machines with a memory bank outside.

It has floppy disks which hold 32 pages each.

On one she's listed all her private customers. She can order the 351 to print out a mailing list by country, state or even city.

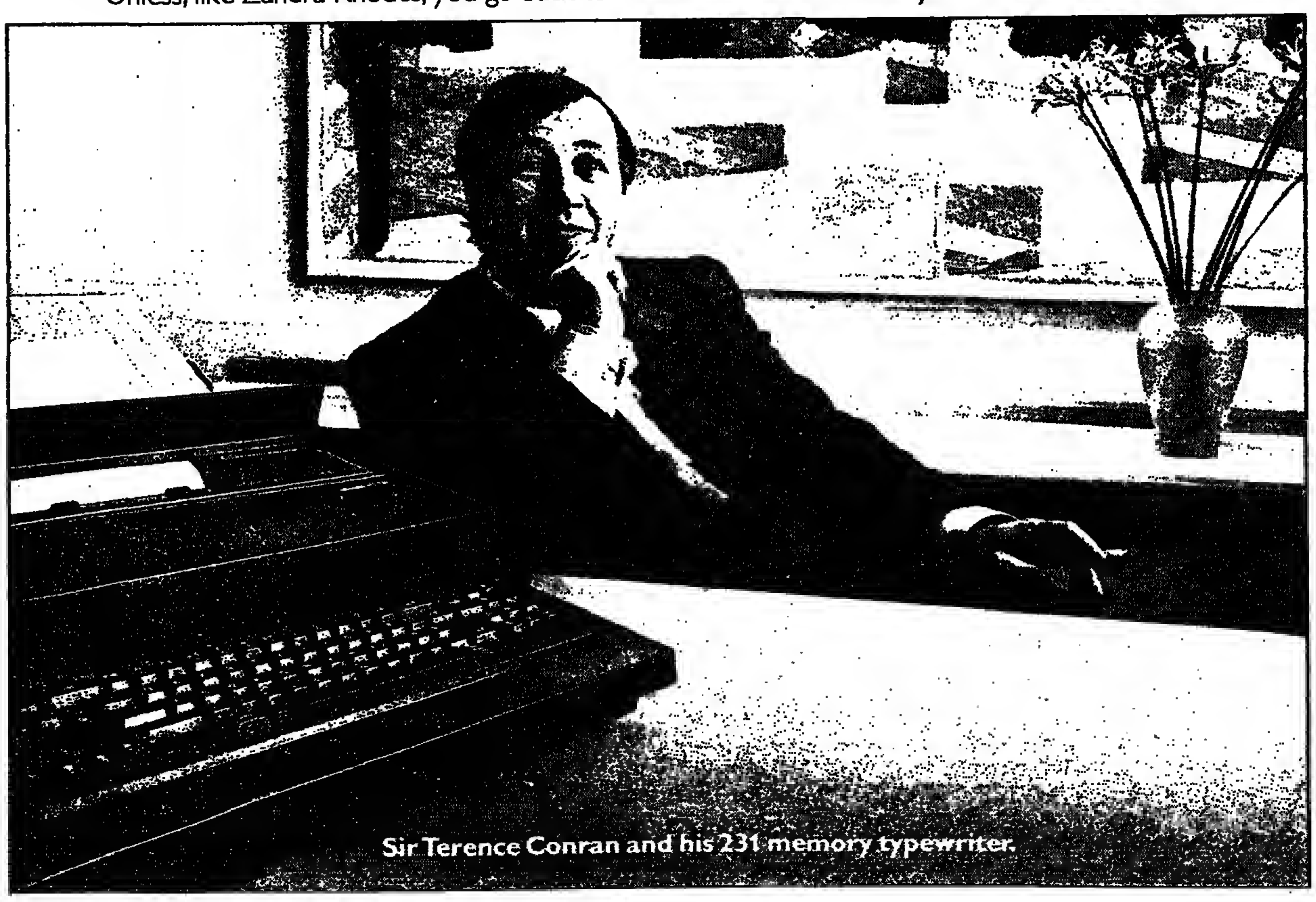
On another she can store the making-up details of every dress she's designed. A sort of verbal pattern book.

If she needs to know the name of the editor of any fashion magazine in the world, her 351 will tell her at the push of a key.

Standard letters to model agencies, replies to letters asking for biographies, transparencies, donations, the 351 will rattle off replies changing names and addresses.

The only alteration she never has to make is a customer's measurements. They're far too confidential to entrust even to a machine.

"In any case," she grins. "Remember the first rule of fashion. Every dress is a size ten."



Sir Terence Conran and his 231 memory typewriter.

The size of the job at Habitat/Mothercare.

Somewhere deep in the heart of the Habitat/Mothercare empire there is a huge computer.

But outside Sir Terence Conran's office there isn't even one of our word processors.

Instead, you'd see an Olivetti electronic typewriter, the 231.

As it happens, it does have a small memory, about seven page's worth.

Enough, at any rate, for his assistant to record the minutes of design meetings.

She gives Sir Terence the first draft. He'll amend it, and she'll just change the few words or sentences in the memory bank, press a key, and the machine will print the revised version.

It'll also centre headings, and equalise the spacing of all lines (so the page reads like a book not like a letter).

Apart from this, however, it's our basic typewriter.

Quiet, because it has a daisy wheel instead of handfuls of clattery keys.

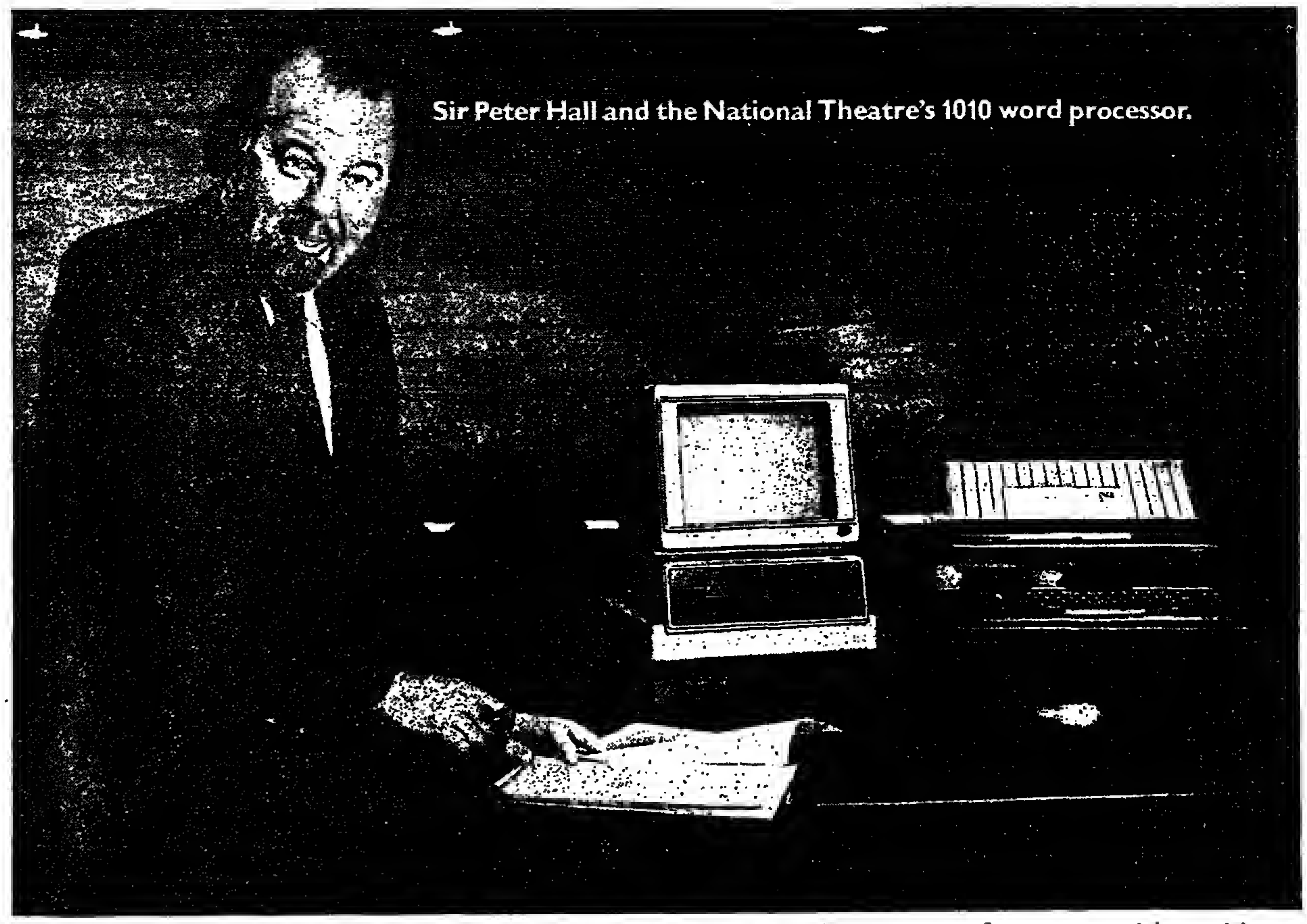
With less breakdowns because it has less to break down.

Whereas the old golf balls had about 2000 moving parts our electronic machines have no more than a hundred.

But Sir Terence's assistant did say that since the merger, the meetings (and the minutes) are getting longer, so she has ordered one of our ETS 1010's.

Already, the other departments in the same office have threatened they'll steal it from under her nose.

It seems the Chairman may have to make a diplomatic decision fairly soon.



Sir Peter Hall and the National Theatre's 1010 word processor.

The size of the job at the National Theatre.

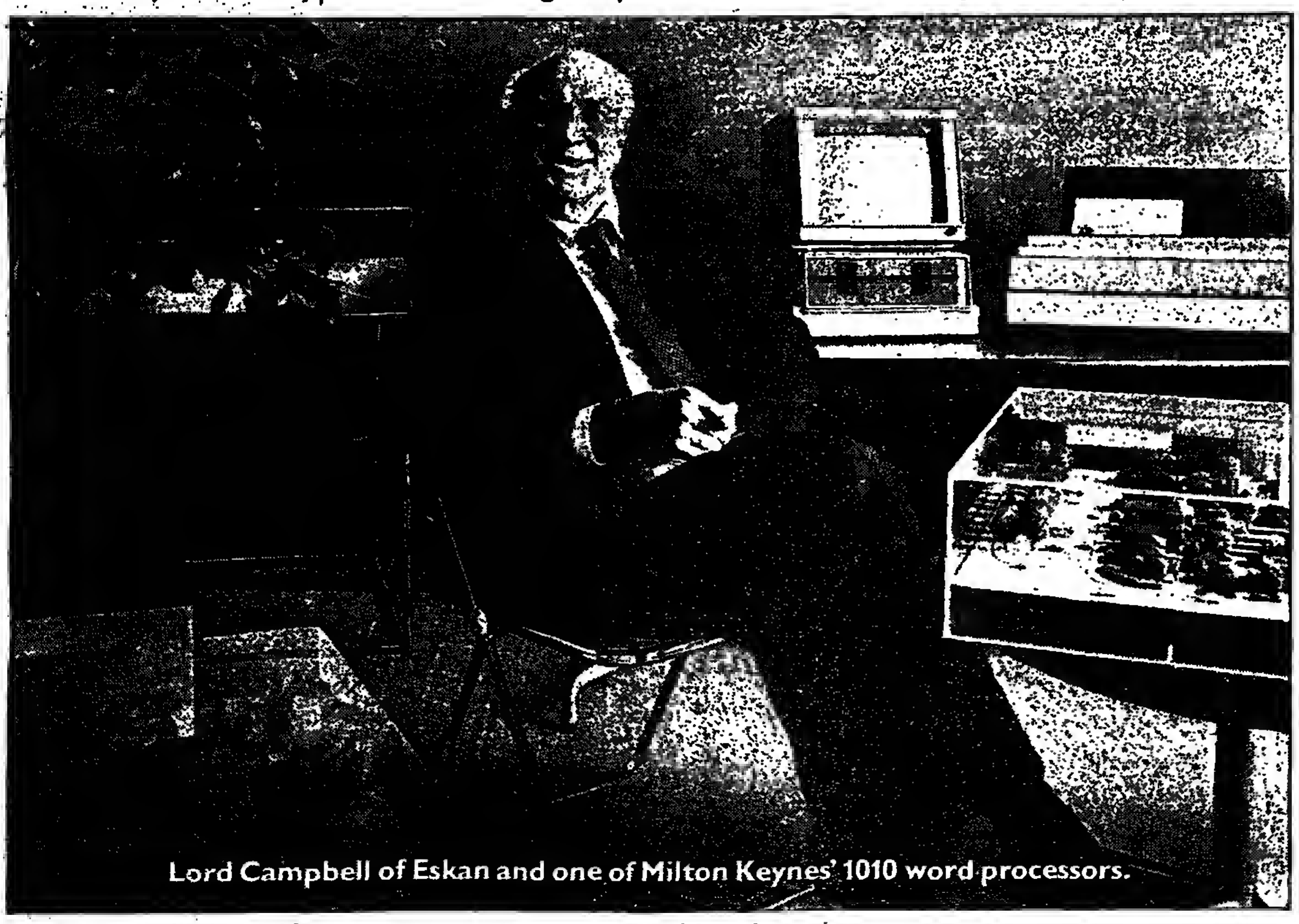
Few directors have as large a company as Sir Peter Hall.

Altogether there are around 700 people in the National Theatre, and they all want to know what's going on, on stage.

Imagine the production schedule!

Three theatres, up to fourteen plays, perhaps six directors and over a hundred actors.

Until they got one of our 1010 word processors they had to retype the whole thing every week (then duplicate it).



Lord Campbell of Eskan and one of Milton Keynes' 1010 word processors.

Now if one of the directors is lured to New York or Hong Kong or a leading lady is indisposed, they can shuffle dates, people, and programmes and run off copies for everyone.

They can use a technique called 'folding' on large schedules to compare next July's performances alongside February's.

And if, in the middle of this, Sir Peter wants a change to page 53 of the new play he's rehearsing, they can use another clever idea:

Freeze the schedule on the visual display, call up page 53 on a 'window' in it, change schedule or script, then tell the machine to print copies of each.

It is quite indiscriminating.

It will churn out the NT's telephone list just as happily as one of George Bernard Shaw's plays or the deathless prose of actors' contracts.

Unflappable, quiet as a prompt, the ETS 1010 is becoming an indispensable part of the scene at the NT.

The size of the job at Milton Keynes.

Milton Keynes intends to become the 'Information Technology' capital of Europe.

What's more, they have actually done something about it.

They have a new Information Technology Exchange where businessmen can learn the very latest news of microcomputers.

A training centre for kids.

And a house totally equipped with information technology.

In this forward looking atmosphere we're naturally rather pleased they've one or two of our typewriters and word processors around.

To be precise, they have fifty three of them.

Most of them are ETS 1010's based on our 221 typewriter but a few have the high speed printer (seen in the photograph with Lord Campbell of Eskan, Chairman of the Development Corporation).

Why do they need so many? Hear this:

Every week they 'cold call' fifty businesses.

Deal with twenty-five commercial enquiries.

Let at least two factories. Sell twenty-five new houses (doing all the conveyancing themselves).

Administer over 3 million square feet of factory space. Around a million square feet of shops. Half a million square feet of office space.

Think of the mailing shots. Contracts. Letters. Reminders. Address lists. Details. Surveyor's reports.

Then think of doing them without Olivetti word processors.

And the size of the cost.

We have always believed that renting a bigger word processor than you need is as wasteful as leasing bigger offices than you can fill.

We urge our customers to start with one that fits them now and to extend it later.

Our basic typewriter, for example, the 121 that stores just one line of type costs around £5 a week to lease.

The 221 which holds two lines and shows them on a small visual panel, around £7.50 a week.

The 225 to which you can add memory modules up to 32 pages, £16.25 a week.

Sir Terence Conran's 231 will cost £10 a week.

Next we come to our first word processor with memory store outside, Zandra Rhodes' 351. This will set you back around £18 a week.

While the National Theatre's ETS 1010 costs £30 a week.

Lastly, there's our ETS 1020, a centralised filing system with, say, four work stations and a high speed printer, and a 15,000 page memory.

This does break our rule: you will need a big business as well as a big job to need and afford it: around £145 a week for a five year contract.

Details of all these machines are waiting in their envelopes. We'll post them to you the moment we receive the coupon.

Please send me details of the:

ET121 ☐ ET221 ☐ ET225 ☐ ET231 ☐ ET351 ☐ ETS1010 ☐ ETS1020 ☐

Name ____________

Position ____________

Company ____________

Address ____________

____

Tel: ____________

olivetti

Send to Valerie Belfer, British Olivetti Limited, 86-88 Upper Richmond Road, Putney, London SW15 2UR. Telephone: 01-785 6666.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday March 2 1983

The case for a boring Budget

IT IS some years since a Budget aroused so much anticipatory excitement as the one Sir Geoffrey Howe will introduce two weeks from now. Guesses that he will have up to £3bn to "give away," in the misleading *popular phrase* have been published, and there have been many voices, including one or two in the City, urging him not to be so modest. The Alliance has already denounced the Chancellor for electioneering. Our hope *is* that all these expectations will be disappointed.

The main reason is that circumstances have changed quite dramatically since many of these guesses were made, including Sir Geoffrey's characteristically down-beat estimate in his November statement that he would have room for a "fiscal adjustment" of £1bn. What is more, they are still changing in an unpredictable way, and nothing is likely to happen in the next two weeks to lift the fog.

Sterling has fallen sharply since November; its future movements will be strongly influenced by the oil price, which is itself unpredictable. The American economy is now enjoying the pleasures of a turn in the inventory cycle, and U.S. citizens are spending their long-delayed tax rebates; nobody knows how strongly this revival will be followed through.

Instinct

There has never been a worse time, in short, for the kind of budget which claims to set the economy on a fixed course for 12 months to come. Sir Geoffrey has shown less inclination than any previous Chancellor to indulge in this kind of pomp, and this year at least, his taste for the low key is a virtue.

Sir Geoffrey's instinct, when so much else is uncertain, will be to stick to his medium term financial strategy. This has now become largely a matter of keeping public sector borrowing on its planned odwnward path regardless of circumstances. This is a bad long-term rule, for it implies squeezing the economy when revenues are weak and stimulating it when they revive.

For the present, however, the official £8bn target, compared with an expected out-turn of £6-7bn for the current year, looks about right. It does not imply any great change in fiscal stance. This may seem sadly lame compared with Opposition bids, and we would ourselves have argued for a more generous stance as little as three months ago. Now we prefer to wait and see.

There are two reasons for this. First, it is still not clear that a fiscal "stimulus" works when financial policies are aimed to restrain inflation. Sir Geoffrey's first tax-cutting budget certainly did not stimulate the economy, and nor did President Reagan's.

This can be put down partly to mistaken monetary policies in both countries, and the forbidding interest rates and exchange rates that resulted; but even allowing for this, it is hard to believe that we need a bigger deficit to stop the money suppply collapsing.

Constraint

Against this uncertainty, to put it no higher, one other stimulus can be trusted to work: a lower exchange rate. It is fore this reason that a large devaluation was the centrepiece of Mr Peter Shore's proposals. The market has now delievered the first stage of his programme; the fall has already produced the first big swing to optimism in the CBI trends survey for some years.

The economy, then, gives some ground for hope; and the longer-term revenue trends further ground for caution. The sharp fall in the oil price which is clearly possible would only bring forward a fall in oil revenues which is bound to constrain fiscal policy in the next Parliament.

Since we propose a modest total adjustment, we cannot urge a long list of measures. A further cut in the National Insurance Surcharge or its abolition no longer seems so urgent, since the exchange rate has relieved the pressure on margins; this could come later. We would favour some further additions to public spending, especially on maintenance programmes which will have to be fulfilled sooner or later, since this has the maximum impact on employment; but the main thrust should be on incentives at the bottom of the scale.

A substantial increase in child benefits—which could be more substantial if they were also brought into tax—and some lifting of tax bands beyond indexation would strain the £1.5-£2bn or so at Sir Geoffrey's disposal. To widen this scope a little, and to start on a necessary programme for later years, we would welcome some attention to tax expenditures, starting perhaps with tax reliefs for contractual saving.

Guidelines for merger control

WHEN LORD COCKFIELD, Secretary for Trade, decided last week not to refer to the Monopolies Commission the Blue Circle bid for Aberthaw Cement, the reasons for the decisions were spelt out rather more fully than used to be the case in decisions of this kind. This is a step in the right direction. One of the objectionable features of current British merger policy is the extent of discretion in the hands of the Secretary for Trade—a discretion unhampered either by strict rules (other than the vague public interest criteria set out in the 1973 Fair Trading Act) or even by the obligation to give his reasons for reference or non-reference decisions. Such an explanation is especially important in borderline cases like Blue Circle-Aberthaw Cement, where the industry is already highly concentrated and the take-over has the effect of increasing still further the acquiring company's market dominance.

A requirement to explain should contribute towards greater consistency in merger decisions, but it is not a substitute for fuller and clearer guidelines, applicable both to the pre-reference vetting process and to the deliberations of the Monopolies Commission itself. Guidelines will not remove the need for careful analysis and judgment in each case, but they should provide a more coherent economic and legal framework within which decisions can be taken.

Market power

It was for this purpose that the U.S. Justice Department issued new merger guidelines last year; they were designed to reduce *uncertainty* about which mergers were likely to be challenged on anti-trust grounds. The American guidelines focus on a single goal—to prohibit mergers which create or enhance market power, defined as the power "profitably to maintain prices above competitive levels for a significant period of time."

The guidelines are concerned almost entirely with horizontal mergers — that is, mergers between companies in the same line of business. Levels of concentration are defined below which an antitrust challenge is unlikely, and these are more permissive than in the past. Great stress is placed on how easy it is for a new competitor to enter a concentrated market.

The "efficiency" defence for mergers which increase market power is defined narrowly; the Justice Department will require "clear and convincing evidence that the merger will produce substantial cost savings resulting from the realisation of scale economies." Equally, the department does not favour the "failing firm" defence; the loss of employment in particular communities which may result from a merger is not the concern of the antitrust authorities.

Consequences

The guidelines reflect the Reagan Administration's belief that most mergers are good for efficiency and that too much government interference in merger activity is bad for the economy. Whereas the earlier guidelines saw value in halting a trend towards greater concentration, the new version does not object to concentration *as* such, since it may well lead to higher efficiencies. Some American economists go further and argue that the structure of an industry—the number of competitors and their market shares—has nothing to do with its performance.

The new U.S. guidelines are not the last word on the subject; there is still much dispute among economists about the economic consequences of mergers. But it is not necessary to share the Reagan Administration's views about mergers to see the case for a clear set of rules which will guide government merger policy. Such rules need not be inconsistent with the traditional British case-by-case approach to *merger* control. But pragmatism can be carried too far; a statement of principles is badly needed.

Australia's general election

Mr Hawke, Mr Fraser and the seven-year itch

By Michael Thompson-Noel in Sydney

WHAT is happening in Australia? Despite their conservatism, it seems likely that in Saturday's general election, Australians will reject the Liberal-National Party coalition partners that have governed for all but three of the last 34 years, and turn, instead, to the Labor Party, whose last spell at the helm ended with the traumatic dismissal of the Whitlam administration in November 1975.

If Australia does swing to Labor, it will be rejecting the country's second-longest serving Prime Minister, Mr Malcolm Fraser, and installing, in his place, a fiery, formidable former union boss, Mr *Bob Hawke*, who has only three years' parliamentary experience, is almost totally untested politically, and who took over the Labor leadership just a month ago.

The Liberals could still win, for Mr Fraser is famous for his last-gasp surges. But the evidence of the polls, and of the campaign to date, points firmly to a Labor win.

In part, this will be attributed to a *seven-year itch*—the belief that Mr Fraser has batted long, if not well, and should return to the pavilion.

In addition, there is a widespread belief that whatever the uncertainties over Labor's *spending plans, or its prices* and incomes accord with the unions, the country's record of strikes and wage inflation could hardly be much worse under Labor than under Mr Fraser.

Above all, a win for Labor *would underline the extraordinary* populist appeal—and remarkable achievement—of Mr Hawke, a man who is almost a walking cliché of the stereotype Australian: loud, aggressive, bellicose (but also intelligent), a *one-time Oxford cricketing* twelfth man and, according to the Guinness Book of Records, record ale imbiber (he is now "off the grog") whose former bouts of drunkenness, and of belligerent despair were so exhaustively chronicled in a biography last year that not even the Liberal Party has bothered to haul them out of the closet.

Mr Fraser called the election on February 3, citing "a concerted attempt by the trade union movement with the full support of the Australian Labor Party," to wreck the national wages pause introduced late last year.

As it was, Mr Fraser's election announcement coincided with a *coup de theatre* in Brisbane the very same day, where the parliamentary executive committee of the Labor Party was meeting a couple of hours *before* Mr Fraser's decision, and following months of criticism for his uninspiring performance as ALP leader, Mr Bill Hayden (known in Canberra as "whingeing Willie") decided to resign. He was at once replaced by Mr Hawke, a former president of the ALP, and of the Australian Council of Trade Unions (ACTU).

At once, Mr Hawke was into his stride with such a forceful attack on the Liberals' record that Mr Fraser seemed shaken and nonplussed. As a result, the nominal election issues — unemployment and wage inflation — were at times lost from view as the Prime Minister, to the consternation of his colleagues, sought to bait the Hawke bandwagon with a series of "colourful" and "graphic" attacks (Mr Fraser's words) on Labor policies.

The claim that boomeranged most violently was an assertion by Mr Fraser that if it won power, Labor would "rob" people's bank savings, making it safer to keep them under the bed. Mr Hawke's response was that there was no room under the beds because that is where the "Commies" were.

Bob Hawke (left): "Fraserism" the target. Malcolm Fraser (right): scoring mainly with the faithful

From the start, Mr Hawke's target has been "Fraserism," a word he delivers with a fearful Australian snarl that starts deep within his being. In Mr Hawke's view: "When the Fraser Government took office in late 1975, a new style of economic policy—monetarism—was introduced which was different not only from that of the previous Labor Government but also from that of previous Conservative governments . . . Australia was used as a laboratory for experimenting with the untested theories of monetarism. More recently, the Thatcher and Reagan governments have applied the same theories. In each of these countries, the result has been disastrous."

For Mr Hawke, the Fraser years were marked by contractionary budgets, deficit phobia, high interest rates, falling living standards, a trebling in unemployment (currently 10.1 per cent), high inflation (presently 11 per cent, against 12.1 per cent when Mr Fraser took office), a blind faith in market forces, and declining company profits—all of this, says Mr Hawke, in striking contrast to Mr Fraser's 1975 election claim that he would "turn on the lights."

According to the Labor leader, "each year, budgets were more contractionary, each year, monetary policy was tightened. By 1982 Australia had one of the most contractionary fiscal stances of any western industrial country, and the highest interest rates in its history.

Mr Hawke has also bitterly attacked what he calls Mr Fraser's divisive style of governing: "underlying everything —the statistics of economic disaster, the roll call of broken promises, the scandals, the 18 Ministers who have resigned, retired early, been suspended or dismissed—are the politics of division . . . which threaten to poison the very wellsprings of the national life, the true, decent, Australian way of life."

For his part, Mr Fraser has had *little to say* about the record of his government, though in Melbourne on the night of February 15, when launching his campaign, he did claim briefly that since 1975, the coalition's policies had "done much to rebuild Australia." The Liberal launch was at Malvern town hall, in the plush Melbourne suburbs. It was a hot and muggy night—the eve of the deadly bush fires that were to cut such a swathe through south-east Australia the very next day.

Heavily made up for the benefit of TV, Mr Fraser looked as sombre as ever. It was a stumbling performance, though he scored points with the faithful.

In terms of economic policy, the unanimous view in Australia is that both sides have failed lamentably to put forward detailed, convincing platforms for economic recovery.

In Labor's case, Mr Hawke says his principal economic aim is expansion, recovery and reconstruction, aided by extensive capital works, tax cuts, and private sector aid. His target: to create 500,000 extra jobs by 1986, and the achievement of a 5 per cent growth rate. On Mr Hawke's figures, Labor's reconstruction programme would involve a net first-year addition to the budget deficit of approximately A$1.5bn (£945m) though most observers put the real cost higher.

In contrast, the Liberals' plans to stimulate the economy are far more modest, and are projected to add about A$570m to the 1983-84 budget deficit.

However, the Government had already unveiled a series of job-creating national projects, which weaken its attempts to paint Labor as spendthrift, but which also weaken Labor's claim that the Government *is* still pursuing purely monetarist objectives. Projects already on the drawing board include a A$2.5bn bicentennial roads programme, a A$545m Alice Springs-to-Darwin railway, and a A$640m water resources programme (an attractive vote-catcher, in a continent of dust, flies and drought).

In the view of Craig Emerson and Peter McCawley of the Australian National University in a recent article comparing the policies of the two contenders: "Both leaders have let the nation down. . . . In a time of severe difficulty, neither of the major parties knows what to do. . . ."

The main difference between the Liberals and Labor—apart from crucial differences in personality and appeal between their respective leaders—is their wages policies, for it is here that, despite widespread distrust of the power of the unions, Mr Hawke—in his role of peacemaker—has scored by reaching an accord with the ACTU that covers wages, non-wage incomes, taxation, prices and industrial *restructuring*.

For the Liberals, Mr Fraser has said that a re-elected Coalition Government would seek power, through a referendum, to introduce secret ballots for all trade union elections, plus wider *reforms to deal with strikes* in key industries. But he has not said what would replace the current Fraser wages pause, nor answered the criticism that the central failure of his administration is that in seven years, it failed to produce any improvement in industrial relations.

Mr Hawke's agreement with the ACTU proposes price surveillance machinery, and a return to centralised wage fixing. The Government has claimed that the ALP has "sold out" to the unions; that the ALP-ACTU pact will produce state control on a scale not before seen in Australia, and that unemployment and interest rates will suffer grievously. However, Labor's eight to 10 per cent lead in the opinion polls indicates that voters are ready to try Mr Hawke's conciliatory approach. This mood was clearly to be seen in the Western Australian state election two weeks ago, when Labor won by a landslide, despite attempts by the state Liberal leader, Mr Ray O'Connor, to summon up the spectre of Australia as a "centralist, socialist republic."

This is not a vision of Australia shared by the voters — nor, in the main, by business, which despite traditional pre-election jitters (vigorously fanned by Government ministers) now accepts the likelihood of a Labor win.

Mr Hawke says his approach to business will be "consultative": that Labor is determined to help the steel industry; that there will be no increases in company taxation; that current trade protection levels will stay in place; that although Labor has a clear perception of the need for foreign investment, "the normal assumption will be that the majority ownership and control of our resources should be in the hands of the Australian people"; and that Labor policy recognises that the "welfare of the great majority of employees depends on a healthy private sector."

One view of prospects for business and investment under Labor is that put forward by Mr Ian Worner, investment manager of the Australian Mutual Provident Society, the country's largest life office and largest non-government investor.

In Mr Worner's view, "Australia has huge natural resources, and is an efficient producer. World demand will recover. Fundamentally, we don't believe that any government—of any persuasion—can do too much that will prejudice the rewards accruing to Australia through its own resources. However, there is some concern about just how Labor will do all the things it *wants* to do *in* terms of its accord with the unions, and yet at the same time invigorate corporate profitability and encourage investment. Attention to that should be an early priority for Labor."

Unintentionally, a comment like that echoes a view often encountered in Australia—the belief that its wealth of minerals, energy and land is so great that it will be well into the next century before it *really* needs to lower its trade barriers, overhaul its manufacturing, boost its productivity, sharpen up its work practices, and knock sense into its unions.

An idea like that sounds heretical to *visitors* from the impoverished northern hemisphere, but in a land of sun, sin and footie-tab (the latest gambling invention), of barbecues and drive-in bottle-shops, and where royalty is called Chappell, it can be as soothing as the surf on Bondi beach.

Men & Matters

Superted

Yesterday was St David's day and, sporting the regulation daffodil in my button-hole, I nibbled at a Welsh lamb chop and watched video re-runs of the adventures of Superted.

Just a year ago Sianel 4 Cymru (Channel 4 Wales, or popularly S4C) was launched as a bilingual Welsh-English TV channel. Since going on the air last November it has confounded its critics by becoming a runaway success—while hyped TV innovations such as Channel 4 and TV-am are struggling for acclaim or even recognition.

Superted was created by Wates' first animation house run by Mike Young. This Teddy bear with special powers—beneath his fur is a superman outfit—has already done more for the regional regeneration of Wales in his brief career than the combined efforts of the coal and steel industries and the Welsh Office.

Superted is reckoned to have created 200 new jobs in Wales in the past few months, making the cartoons and making products for the *merchandising* industry which is being built on the back of the character.

S4C is setting up a subsidiary to market Superted products.

Of the 2.7m Welsh population about 20 per cent speak Welsh nowadays. About half of that minority watches S4C. It is a resounding success for a TV channel born out of dispute —one supporter threatened to fast to the death for it—and reckoned by the pundits as sure to fail.

Now the channel's problem is one of success. By usual TV standards it already has a saturation audience after just four months.

"It won't help our case if you keep saying that the pit could be a little gold mine"

That's show biz

As the dispute between Britain's thespians, the advertising moguls, and the commercial TV stations, over the rate for the job rumbles on Rank Xerox has found its own alternative to live actors.

The stars of its new show which opened yesterday at the Lyric Theatre, Shaftesbury Avenue, and which will run for a month to packed houses, are its new "10 Series" computer-controlled copiers.

Appearing at no extra expense in no fewer than 16 versions they take the stage supported by a lavish audio-visual entertainment.

When planning the launch of the new machines, chairman Hamish Orr-Ewing and his American managing director Paul Allaire, pondered the question: what do you do when you have traditionally dominated the market but now the opposition is starting to snap at your heels? The answer, they concluded, was publicity—and plenty of it.

So, regardless of expense, nearly 200 journalists from every European nation between Finland and Spain were flown into London yesterday to attend the first performance of the new copiers. Later the scribes were to be *found* being briefed in twelve languages at separate lunches in private rooms at the Cafe Royal.

After playing London, the Xerox show is booked for a tour of the European capitals, *for the trade and for customers.*

"We have never done this sort of thing before" a Xerox man tells me. As the bill for the stage show and the promotion is going to be around £500,000 — before a penny is *spent in advertising* — it will be interesting to see whether the company ever does it again.

Poetic notice

They do things differently in China. A recent sign that Marshal Ye Jianying, the frail 85-year-old Chinese head of state, has come round to the view of his younger colleague Deng Xiaoping (effectively China's leader) that it is time for him to retire is the publication of a book of Ye's poems with an introduction by Deng.

Ye likes poetry and the good life. He also likes power. In spite of failing health he has clung to top positions in state *and* party hierarchies.

Now it seems the veteran official—one of the last surviving top communist generals from the revolutionary era—is preparing to step aside as chairman of the standing committee of the National People's Congress—China's parliament.

That position confers on the marshal the title of *de facto* head of state.

He presided at the last session of parliament. But so decrepit was he that he needed assistance to perform simple ceremonial tasks such as standing up for the playing of the national anthem.

The aged warrior has been dropping hints for some time that he is about to retire. But in a perverse *way* he *has* not appeared prepared to fulfil the predictions.

At the party congress recently he enigmatically quoted a Tang dynasty poet who wrote "The Phoenix chick sings sweeter than the older birds." Westerners may make of that what they like. But it was interpreted in China as meaning Ye was about a slip *into graceful* retirement.

His book of poems is seen as the clincher, however. Old men in the Chinese leadership contemplating their own mortality are disposed to leave behind a written memorial — evidence *that revolutionaries though they* may have been, they are also interested in the finer things in life.

Campaign medals

Since nobody else seems to be rushing to decorate them for their sterling services, Euro-MPs are planning to award themselves silver medals before next year's parliamentary elections put their seats at risk.

Strasbourg's parliamentary management committee has approved the idea, which royal jewellers Asprey reckon will cost more than £30,000 if all 434 MEPs are to get a two-inch diameter medal, suitably engraved.

But Labour MEP Richard Balfe has written to the Parliament's president Piet Dankert urging him to quash the plan.

"It smacks of corruption," says Balfe. "Members of the last European Parliament were presented with gold medals, now estimated to be worth £3,000 each.

"The excuse for presenting the medals is that it is a continental tradition—but it is one *we can do without.*"

Fancy that

Overheard at a Camberwell bus stop: "She says she suffers from hallucinations—but I think she's just imagining it."

Observer

Ian Hargreaves on the anti-nuclear resurgence

CND ponders where it goes from here

ABOUT ONE thing, the Government and the Campaign for Nuclear Disarmament are agreed: 1983 will be decisive in the debate over Britain's nuclear defences.

By December — failing a dramatic breakthrough in the Geneva talks — the first American cruise missiles will be installed at Greenham Common, initiating the most significant modernisation and extension of British nuclear strike-power since the launching of the first Polaris submarine in 1966. At the same time, the Government is pressing ahead with the replacement of Polaris by the American-designed Trident system.

This year may well also see an election in which Britain will choose between more of Mrs Thatcher and a government led by a founder member of CND, Mr Michael Foot. Recent Government behaviour, from the appointment of the persuasive Mr Heseltine as Defence Secretary to fiery speeches on disarmament by Mrs Thatcher herself, not to mention other plans for anti-CND propaganda, indicate the seriousness with which the Government is now taking the CND challenge.

CND's leaders, naturally, are more than content with this prominence. But for all that buoyancy, fundamental questions remain about the staying power of the organisation. Does it have a strategy? How is it organised? What are its internal divisions? How does it relate to the eastern bloc? And above all, as one of its founders, Mr A. J. P. Taylor, the historian, asked sourly in an article celebrating CND's 25th anniversary this month: "after the enthusiasm and the mass marches, what are they to do? More meetings, more marches and no effect."

CND's revival, along with the growth in peace movements in Germany and the Netherlands, sprang from the Nato ministers' agreement at the end of 1979 on a "twin track" strategy of at once negotiating with Moscow while still preparing to install in Europe a new generation of land-based missiles, cruise and Pershing.

Since 1980, CND's national membership has grown from 9,000 to over 50,000; with more new recruits last year than in the previous decade. The campaign now has 28 employees packed into its cramped North London headquarters and an annual income in excess of £400,000, not counting £200,000 from the sale of books and peace paraphernalia.

Meanwhile, the disarmament spell has again fallen over the labour movement. The Labour Party has for three years in succession voted at its annual conference to abandon nuclear weapons and to rid Britain of American nuclear bases. In the last two years, the annual Trades Union Congress has done likewise. Only two important unions, the Engineers and the Electricians, remain opposed. (There are also now 140 Labour controlled authorities which have declared themselves "nuclear-free zones.")

"We cannot be written off any longer as marginal people," says Monsignor Bruce Kent, the smooth and diplomatic Catholic priest who is CND's general secretary.

The ghost in CND's cupboard, however, is the knowledge that the campaign has been at this point before.

The circulation of Sanity, CND's magazine—not a perfect barometer, but the only one we have since CND did not establish a membership roll until 1966—reached 45,000 in 1960, a level to which it has only just returned. It was also 1960, of course, when the Labour conference also backed unilateral disarmament, only to reverse the position a year later, preparing the way for the 1964 Wilson Government whose lack of sympathy towards CND, coupled with the Partial Test Ban Treaty of 1963, sent the disarmament movement into headlong decline.

Perhaps even more important, as noted by a newly published official history of CND*, in March 1959, 30 per cent of Britons wanted to ban the bomb. Even the most favourable polls in the past year have not exceeded this figure, showing that in terms of its ultimate goal, CND is actually making no progress...

This time, however, the peace people say there are big differences. Although the organisation is still somewhat ramshackle there is no split over the democratic legitimacy of direct action, as there was in Bertrand Russell's day.

CND's hold on the Labour Party is also much tighter now. Apart from Mr Foot's personal commitment, there are 120 MPs (over half the Parliamentary Labour Party) in the Commons CND group and there is a narrow pro-CND majority in the party's national executive. The Shadow Cabinet remains unsympathetic, but with Mr Healey now publicly opposed to Cruise, it seems certain that unequivocal promises to scrap both Cruise and Trident will feature in the Labour election manifesto, coupled perhaps with a less specific pledge to think about phasing out Polaris in return for Soviet missile reductions. Clearly there is still plenty of room for fudging, but less room than in 1964.

CND would, however, like to shed its Labour Party image, even though an internal survey showed that 68 per cent of its members vote Labour. In the same way, it would like to be less middle class—the same survey found that its members are overwhelmingly either students (about 20 per cent) or professionals below the age of 40.

Another important debate within the movement concerns strategy towards the Eastern bloc.

CND's approach is that given the opportunity it should preach its message to anyone willing to listen, even when the hall is filled by the paid men of the official Soviet Peace Council. Mgr Kent addressed the council in Moscow in October, despite accusations both of naivety and complicity. His line, typical of CND as a whole, is to avoid complex arguments about foreign policy and military balance, stressing the simpler arguments about the dangers and immorality of nuclear stockpiles.

Another important British-based group, European Nuclear Disarmament (END) has, under the leadership of the charismatic left-wing historian, Prof E. P. Thompson, pursued a different course.

END began life in 1980 as an appeal for all nuclear weapons, including Russian weapons, to be removed from Europe. It has developed into a think-tank and pressure group for the principle of a re-united Europe, freed from domination by the super-powers.

As such END has cultivated strong links with the fledgling, unofficial and persecuted peace groups of the East, such as the Moscow-based Group to Establish Trust, whose leaders have been harassed and put in psychiatric hospitals in standard Moscow style.

Prof Thompson now argues that the entire Western peace movement — he is himself a leading figure on the CND national council, as well as in various European forums—must demand an end to this repression in return for attendance at the showcase Prague Peace Assembly in June.

Mgr Kent's only veiled criticism of the END approach is to remark that when he has problems with the East "I don't rush into print and insult them all over the place."

These differences of opinion also help to explain the debate which took place at CND's national conference last November, when Prof. Thompson spoke against making CND's longstanding commitment to British withdrawal from Nato an early priority in CND's strategy. He lost, but in practice it is certain that for this year at least CND will be bound up primarily in campaigns to stop Cruise and Trident.

It is here that the campaign scents a real prospect of victory. Public opinion polls have consistently shown a majority of British people are opposed to both these weapons systems, although how much of this opposition might evaporate if the Government came up with a promise of a "dual key" for cruise is debatable.

CND, however, has much running for it on Cruise and Trident. The growing U.S. Freeze campaign has agreed to take up the attack on Cruise and Pershing in Congress.

In Europe the outcome of the German elections on March 6 will be critical. If Herr Vogel wins, and even more so if the Greens secure a voice in the Bundestag, the debate about Cruise and Pershing would be blown wide open.

Whatever happens, 1983 will certainly be a year of marches probably of record size as meetings and rallies continue to be better and better attended. The problem is that CND has to go on getting still bigger marches and meetings and better ratings in the opinion polls knowing that even this far from guarantees it victory at the political level.

* The CND Story. Edited by J. Minnion and P. Bolsover. Allison and Busby, £6.95 (hard back), £1.95 (paper).

Michael Foot and journalist James Cameron on early CND march

World economy

The gloomy economics of Willy Brandt

By Michael Beenstock

THE MAJOR thrust in the Brandt Commission's second report* is a call for a co-ordinated expansion of the world economy. The commission's thesis may be summarised as follows. Counter-inflation policies in the industrialised countries are responsible for the world recession and high real rates of interest. The recession has adversely affected Third World export earnings both directly and indirectly via the depressive effects of the recession on commodity prices. Squeezed between rising real interest rates on their debts and lower export earnings Third World countries have been suffering financial distress. In turn Third World countries have been forced to deflate and this has fanned the recession among the industrialised countries as Third World imports fall. If the financial distress turns into a full-blown crisis the world banking system will be threatened and the rich countries will be pulled down by the poor countries.

The commission, in failing to consider the possibility of a spontaneous recovery in the world economy, takes for granted the need for expansionary policies on the part of industrialised countries. In addition the commission proposes massive expansions in the resources of the IMF and the World Bank. In particular it calls for a doubling of IMF quotas, increased SDR allocations of SDR 10-12bn per year and it moots an increase in IMF resources under the General Agreements to Borrow (GAB) of \$10-\$11bn.

More generally it suggests that the IMF should evolve into a world central bank that is capable of undertaking contra-cyclical world monetary policy. The expanded resource base of the IMF would be used to relieve the financial distress of Third World countries and is a crucial element in a world recovery programme. In short the commission represents the global Keynesian viewpoint.

In his capacity as chairman of the IMF interim committee, Sir Geoffrey Howe has now won agreement to raise IMF quotas by 47½ per cent and to increase resources under GAB by 165 per cent. In practice this will raise IMF resources by another 80 per cent to a new total of about \$100bn.

The GAB increase is in line with the commission's proposals but the quota increase is only half as much as Brandt proposed. Nevertheless in the spirit of Brandt, Sir Geoffrey summarised the agreement as "an important contribution to cultivating recovery in the world economy" that would enable the IMF to aid countries with "serious accumulation of debt."

If everything remains the same an expansion of IMF resources constitutes a net increase in global liquidity and therefore adds fuel to global inflation. To a "monetarist" such as Sir Geoffrey all this should be familiar territory. Expanding IMF resources is analogous at the global level to an expansion of the money supply at a national level. Thus it would seem that Sir Geoffrey is "monetarist" at home but Keynesian abroad and that he has accepted the central thesis of Brandt.

> As global inflation is squeezed out of the system real interest rates will tend to abate and financial distress in the Third World will ease.

Is there any justification for this schizophrenia? Are the principles by which the world economy functions any different from their national counterparts? I don't believe so.

In my book The World Economy in Transition† I have argued against the simplistic view of the Brandt Commission that the plight of the Third World is the consequence of economic developments in industrialised countries. Indeed, the spectacular growth record of Third World countries since the mid-1960s has forced adjustment problems on the industrialised countries and is likely to continue to do so in the future.

Moreover, Third World indebtedness has, by and large, underpinned this spectacular growth record and must be viewed as part and parcel of the process of economic development. What is going on at present is a liquidity crisis rather than a solvency crisis which is therefore likely to be a temporary problem. As global inflation is squeezed out of the system real interest rates will tend to abate and financial distress in the Third World will ease. At the same time global policies of sound money and the associated permanent reduction in world inflation will trigger a spontaneous global economic recovery as real wages, real interest rates and real stocks of wealth and money balances revert to normal levels.

This spontaneous recovery will be assisted by the lower level of commodity prices about which Brandt complains. Lower commodity prices increase profits in the industrialised countries thereby providing a supply side recovery. But once the recovery occurs real commodity prices will rise to their normal levels and this will further ease financial distress in the Third World.

The collapse of Opec, should it occur, will reverse to some extent the damage of the 1970s and the world recovery will be further enhanced, although countries such as Mexico, Nigeria and the UK will undoubtedly suffer. If, however, the lurch to protectionism continues all bets on a recovery are off.

This analysis leads me to the conclusion that present policies to strengthen the IMF are mistaken. We are in the process of nurturing a world central bank conceived in the spirit of unsound money. We are being panicked by the short-term into institution building that we will regret in the longer term. Since the collapse of the Bretton Woods system of pegged exchange rates the IMF has been looking for a new role. Sir Geoffrey and Herr Brandt seem to be helping it find one.

Michael Beenstock is Professor Finance of Investment at the City University, London.

* Common Crisis: North-South Co-operation for World Recovery. Pan Books, 1983.

† The World Economy in Transition. George Allen and Unwin, London.

Letters to the Editor

New thinking about company pension schemes

From the President, Society of Pension Consultants

Sir,—We have been following with much interest the reports by Eric Short of new thinking in political circles about pensions (February 21, 22 and 23). Perhaps I may venture the following comments.

Most UK occupational pension schemes have evolved through negotiation to a design which, particularly in times of high inflation, tends to favour the stayer rather than the leaver: only the stayer who serves most of his working life with his last employer can aspire to the popular expectation of a pension equal to two-thirds of final pay.

The lot of the leaver can be improved only by finding additional resources or, at the expense of the stayer, by redistribution of existing resources. The society has long advocated that if legislative intervention were ever envisaged it should extend only to redistribution.

The proposal that employees should be given the right to choose between joining a company pension scheme and making their own arrangements could certainly result in a redistribution of resources if employers could be persuaded to apply for the benefit of each employee, the uniform percentage of payroll currently paid to the company pension scheme but applied therein more for the benefit of stayers than leavers. Such a move could be popular with younger members but would be very unpopular with their older colleagues.

The resulting redistribution would be haphazard. It is difficult to see how in practice the government could avoid the diversion of some resources from pension purposes altogether as some employees fail to make private provision. Some stayers could actually receive larger benefits than at present which would reduce the remaining resources available for other members.

All of this ignores the loss of economies of scale and the additional administrative costs which would result from such a system.

The society would not suggest that current pension provision is incapable of improvement. We know that there are anomalies and faults, but we are convinced that ways of correcting them are available within the existing framework without the need for actions which could undermine the foundation of occupational pension provision and result in greater anomalies than exist at present.

D. J. D. McLeish.
Society of Pension Consultants,
Ludgate House,
Ludgate Circus, EC4.

The new issue mechanism

From Mr D. Fanning

Sir,—The whole new issue mechanism in British capital markets is creaking with age and replete with inappropriateness. There is a crying need for a fundamental examination of the ways in which new issues are offered to investors, and there is an urgent need for sponsors to have regard to a proper understanding of the nature of the markets for shares.

Having regard to the debacles and mishaps of the past five years or more, the time is appropriate for a thorough and wide-ranging review of the new issues market, its structures and practices, and the legal and regulatory provisions associated with the marketing of company shares. Might it not be in the best interests of the capital markets and their reputations for the Council for the Securities Industry to initiate, fund and implement the findings of such a review?

David Fanning.
Department of Business Administration and Accountancy,
University of Wales Institute of Science and Technology,
Colum Drive, Cardiff.

Tuning regional incentives

From Mr R. Musgrave

Sir,—Regional incentives certainly need to be tuned much more finely to local unemployment levels as Councillor McCallum (Feb. 23) and Mr Scholes (Feb. 9) point out. There are, however, major flaws in their other claim, namely that regional incentives should be more selective in other respects; and there are rumours that the Department of Industry is making this sort of move.

The attraction of selective aid for councillors and bureaucrats is the power it gives them; but the vast majority of such individuals are not qualified to make large industrial decisions. Furthermore, selective aid is all too liable to political influence and regional aid which is purely political in nature has resulted in a complete economic shambles in several instances.

Unselective aid makes all firms in the problem region more competitive and leaves it to the market to decide what jobs are created as a result. I do not believe that bureaucrats or politicians can out-perform the market. If they could, they would, and make themselves rich.

When bureaucrats do give selective aid, selection is largely on the basis of the latest economic fad. Ten years ago they were pouring money into white hot technological capital-intensive projects. There are no prizes for guessing what Councillor McCallum now favours: the fad of the early 1980s, namely "small firms."

Mr Scholes makes a further criticism of broad regional incentives which is invalid: broad incentives pump relatively large amounts of money into projects which would have happened anyway. True, they do; but such expenditure costs the nation nothing in real terms. It is what economists call an exchequer cost and not a resource cost.

R. S. Musgrave.
24 Garden Avenue
Framwellgate Moor,
Durham.

Record underwriting losses

From the Director,
Centre for Insurance Research,
City of London Polytechnic

Sir,—The record underwriting losses of Commercial Union, reported by Eric Short (February 23) yet again confirm my view that the structural changes affecting the industry must sooner or later cause general insurers to review their long-term objectives and consider strategic questions about the future role of private insurance in society as well as the future role of the composites in underwriting as distinct from investment management.

For too long now, a variety of cyclical, seasonal and competitive factors have been cited as the cause of the industry's invariably poor underwriting results. Firms' responses vary, but most seem convinced to trim here and tack there. At the same moment growth strategies are abandoned and cost-cutting exercises adopted with little view of the longer-term state of insurance demand or of the insurance market and little view of a firm's best organisational shape or the decision-making methods and hardware likely to lead to the radical evaluation of insurance as one field of risk management.

Without these changes of focus and attitude, the UK general insurance industry, including Lloyd's, will continue to lose ground here and abroad.

Peter Franklin.
School of Business Studies,
84, Moorgate, EC2.

Pakistan's nuclear policy

From the Minister (Information), Embassy of Pakistan

Sir,—This refers to Prime Minister Indira Gandhi's interview given to Messrs Cass and Elliott (February 25) in which she is reported to have questioned the peaceful nature of Pakistan's nuclear programme.

Any suggestion from any quarter that Pakistan has plans to make nuclear weapons, overtly or covertly, is baseless. Times out of number, President Zia-ul Haq has categorically declared that Pakistan will not make atom bombs.

As a soverign state and as an oil-short developing country, we have every right to acquire nuclear technology and we are doing it — but solely for peaceful purposes. Our 137 Mw nuclear power plant at Karachi (KANUPP) is under the safeguard system of the UN's Vienna-based International Atomic Energy Agency. Recently, we have upgraded the safeguards there in compliance with the suggestion of the IAEA. Pakistan is building a 900 Mw nuclear power plant at Chashma in the Punjab and it will also be under the safeguard system of the IAEA. Pakistan is making a small quantity of nuclear fuel to feed KANUPP but it is non-weapon-grade. Unlike India, which exploded a nuclear device in 1974, we have neither exploded such a device nor do we plan to conduct a nuclear explosion.

Qutubuddin Aziz.
35, Lowndes Square, SW1.

Damages and a jury

From Mr D. Moorhouse

Sir,—As the solicitors who acted for the plaintiff in the case of *Blackshaw v Lord and Daily Telegraph*, we were a little perturbed at the account of the Court of Appeal's unanimous decision contained in the Justinian column of February 28.

We would wish to point out that you have omitted any reference to the comments made by Lord Justice Stephenson that the Daily Telegraph had brought a large award of damages on themselves by the course of action they had chosen to take, and that the jury had shown their disapproval of this course as they were entitled to do. The other two Law Lords took a similar view.

We consider that this was a highly relevant factor in this particular case in respect of the amount of damages and that this was not reflected.

D. L. Moorhouse.
Trower, Still & Keeling,
227 Strand, WC2.

FINANCIAL TIMES
Wednesday March 2 1983

London banks sued in Calvi row

By James Buxton in Rome

THE LIQUIDATORS of Milan's defunct Banco Ambrosiano have issued writs against two London banks for not returning deposits in foreign currency which it placed with them.

The two banks subject of writs presented to a Milan court are Williams and Glyn's and AP Bank. In each case the London banks had asked the liquidators to return deposits which they in turn had placed with subsidiaries of Banco Ambrosiano in Luxembourg and in Lima, Peru.

The writs appear to concern back-to-back deposits, which Banco Ambrosiano, headed by the late Roberto Calvi, organised with foreign banks as a way of transferring funds to Ambrosiano subsidiaries without attracting the attention of the Bank of Italy, the Italian central bank.

Ambrosiano recorded the transaction as inter-bank deposits.

Deposits were made with foreign banks, which then placed equivalent amounts with Ambrosiano subsidiaries abroad. The Bank of Italy believes between $200m and $250m was placed in this way.

In the case of Williams and Glyn's, some $15m was deposited by Banco Ambrosiano on May 27 1982. It expired three months later on August 27, after Banco Ambrosiano had gone bankrupt.

The British bank then refused to return the money to the liquidators of Banco Ambrosiano, on *the grounds that it had made a* corresponding deposit with Banco Andino in Lima which has not been paid back.

Banco Andino was a subsidiary of Banco Ambrosiano Holding, which is based in Luxembourg.

AP Bank received a deposit of SwFr 5m ($2.47m) on November 27 1981, according to the writ, Return of the funds was refused on August 26 1982, and AP Bank asked for the return of a corresponding deposit with Banco Ambrosiano Holding.

Banco Ambrosiano's liquidators have refused to take responsibility for the debts of Banco Ambrosiano Holding, or of its Lima subsidiary, on the grounds that Banco Ambrosiano Holding was not a wholly-owned subsidiary of the Milan bank and that it came under different legal jurisdiction.

The latest writ adds to the network of legal actions involving Banco Ambrosiano subsidiaries.

At the end of last week, foreign creditor banks of Banco Ambrosiano decided to sue the Nuovo Banco Ambrosiano, its successor, for repayment of several hundred million dollars' worth of loans and back interest which the liquidators have refused to pay back.

No writ has yet been issued, but Nuovo Banco Ambrosiano is confident that it is not legally liable for the debts of the foreign subsidiaries

Nuovo Banco Ambrosiano paid out just over L1,000bn last autumn to satisfy Banco Ambrosiano's direct creditors.

German banks rescue Bremen shipbuilder

BY STEWART FLEMING IN BREMEN

A CONSORTIUM of West German banks, headed by Bremer Landesbank and Commerzbank, have agreed to rescue Bremer Vulkan, the Federal Republic's largest shipbuilding company, from a liquidity crisis, which was threatening to force it into bankruptcy.

A spokesman for Bremer Vulkan, which has some 4,000 employees, said last night he was authorised by the banking consortium to announce that the banks would make available additional funds to the company to enable it "to overcome its acute liquidity crisis."

He was unable, however, to disclose details of the proposed rescue package. The only outstanding condition, he said, was that the parliament of Bremen city state should also approve the rescue terms. He suggested this was a foregone conclusion.

In a dramatic move last night, the city government said it was ready to pump up to DM 40m ($16.45m) of additional funds into Bremer Vulkan in order to ensure the company's survival, provided Bremer Vulkan's bankers would match this proposal.

Herr Hans Koschnick, the city's governing mayor said Bremen would provide the shipbuilding company, in which it has a stake of more than 25 per cent as a result of an earlier rescue package, with bridging finance of DM 28m to cover the construction costs of two merchant ships.

It would subsequently transform this finance into an equity share in the ships and provide DM 12m of running costs guarantees, provided the company's bankers would match the city's offer with similar finance.

The urgent rescue move for Bremer Vulkan was required following last month's decision by a Greek shipowner, the Konkar Group, to cancel its order for two multi-purpose freighters priced at just over DM 100m each.

A new purchaser for the ships, a West German tax shelter fund, has been found but the fund is not prepared to pay the same price as the Konkar Group. This, coupled with Bremer Vulkan's long-standing financial problems, has forced the city and the banks to move to stave off the firm's financial collapse.

The rescue move will be seen primarily as a step which will give Bremer Vulkan a breathing space rather than provide it with a long-term solution to its problems.

Already plans are under discussion for mergers among the largest West German shipyards, including *Bremer Vulkan and its local* competitor, Weser AG.

These plans are aimed at cutting West Germany shipbuilding capacity in the face of the dramatic worldwide slump in new shipbuilding orders.

Such a major restructuring move, however, is expected to take several months to work out and to require the participation of state governments in Northern Germany and the Federal Government.

Bremer Vulkan's immediate liquidity problems needed a prompt solution, which the company says has now been reached.

WestLB omits payout despite recovery in 1982 earnings

BY JOHN DAVIES IN DÜSSELDORF

WESTDEUTSCHE LANDESBANK, West Germany's third biggest bank, has made a sharp recovery after two years of serious financial strain.

The bank, however, is omitting a dividend for the third consecutive year as a precaution to strengthen its reserves against possible loan losses.

WestLB, including its home mortgage division, has provisionally reported operating earnings of more than DM 800m ($329m) for 1982, while the group, with its German and foreign subsidiaries, earned nearly DM 1bn.

Executives at the bank's Düsseldorf headquarters said the results were more than double the 1981 operating earnings if these were calculated on the same basis – taking account of interest and commissions earned, mortgage lending, *and bond trading activities.*

Herr Friedel Neuber, chief executive, said the bank had benefited from strong demand for building industry credit and favourable interest-rate trends.

The bank was also strengthened, he said, by DM 1,125bn of new capital injected last year, mainly from the North-Rhine Westphalia state government. The state government now has a 43.3 per cent stake, savings banks a third and local authorities the remainder.

WestLB executives expressed confidence that the bank's provisions were more than adequate to cover the projected write-off of loans to the ailing electrical group, AEG, as well as international risks.

Herr Neuber said he believed interest rates in West Germany would resume their decline – a trend that has enabled the bank to scale down its heavy burden of long-term lending financed by its own borrowing at high short-term rates.

Herr Neuber took over at WestLB in 1981 as the bank was facing severe difficulties involving *mismatched interest rates and* the writing down of the value of securities.

As well as seeking further shareholder equity, the bank has been forced to realise some investments, including stakes in Philipp Holzmann, the building concern, and Preussag, the metals and energy group. With the improvement in the bank's position, however, it recently regained control of a 35 per cent stake in Preussag.

After WestLB's earlier phase of ambitious activities abroad, Herr Neuber has affirmed a more cautious and selective approach.

● Hessische Landesbank Girozentrale (Helaba) said that provisional partial operating profit rose to a record DM 164m ($67.4m) last year from DM 40m in 1981, Reuter reports from Frankfurt.

Helaba expects the positive earnings trend to continue this year, aided principally by a further improvement in interest-rate margins. A dividend payment on 1983 earnings was a possibility, the bank said. It has not paid a dividend since 1974.

Helaba said the present low level of interest rates offers favourable prospects both for short-term refinancing business to be consolidated further and for the economy in general to pick up.

Steel union agrees wage cuts

BY OUR NEW YORK STAFF

THE TROUBLED U.S. steel industry has reached an agreement which will temporarily cut the wages of 265,000 steel workers.

Local presidents of the United Steelworkers Union yesterday ratified a 41-month contract which will temporarily cut workers' pay by $1.25 an hour, or about 9 per cent of the basic wage of $14.23 an hour.

The vote was 167-63. It confirmed an agreement reached late on Monday night by the USW's executive board after two weeks of intensive negotiations with the employers.

Workers will temporarily give up some benefits, including one week's holiday in the first year of the contract, which runs from yesterday. In return, the seven largest steel companies which bargain with the union as a group have agreed to invest labour cost savings, estimated at about $2bn, in steel operations.

Two previous attempts by the industry to win a concessionary contract have failed. Last November, the USW local presidents rejected a proposed contract that called for a temporary 18 per cent cut in wages but *did not contain any form of job* guarantees.

Since then, pressure to reach an agreement has stepped up. Most of the major U.S. steelmakers have reported disastrous fourth quarter and full year losses and a growing number of U.S. steel consumers have threatened to buy steel elsewhere unless an agreement was reached.

● The American Iron and Steel Institute has said that it was "astonished and shocked" by the U.S. trade representative's decision not to investigate the industry's petition alleging unfair trade practices by Japan.

The industry was seeking formal restrictions and import duties on Japanese steel exports to the U.S.

IH and Massey seek deal in France

By Paul Betts in Paris

INTERNATIONAL Harvester of the U.S. and Massey Ferguson of Canada – the two leading but financially ailing farm machinery makers – have signed an agreement to study ways of rationalising their large manufacturing operations in France.

The agreement, announced yesterday, is seen as a first, albeit modest, step in the long overdue reorganisation of the farm machinery sector in France, where the industry has been plagued, like elsewhere, by overcapacity.

But both International Harvester *and Massey Ferguson sought to* play down the agreement, which will involve chiefly co-operation in the parts and components side of the farm machinery business. Massay has already agreed to buy a small tonnage of castings from International Harvester in France. The Canadian company will provide Harvester with components in return.

The two North American companies said they did not expect any significant results to emerge from the agreement until later this year. Both companies also indicated they are continuing to hold talks with Renault of France, although a Renault official claimed these had so far led to no concrete results. "Everybody is consulting each other, examining the situation and seeking ways of travelling a bit of the road together," he said.

Although yesterday's agreement between the two North American concerns *is in itself very tentative,* the two companies also appear to be adopting a particularly discreet approach to their proposed collaboration efforts in France.

In turn, this approach appears to reflect the politically sensitive climate prevailing in France in this troubled sector, with both the Government and the trade unions preoccupied with the financial problems of the farm machinery manufacturers. Indeed, the French Government, already committed in Renault, has also been directly involved in the FFr 450m ($65.3m) injection of fresh capital into International Harvester's French operations last year.

These operations of the Chicago-based farm equipment maker are understood to have lost about FFr 415m last year on sales of about FFr 2bn.

The trade unions are concerned about the more than 8,000 jobs involved *in the combined operations* of the two North American companies' operations in France.

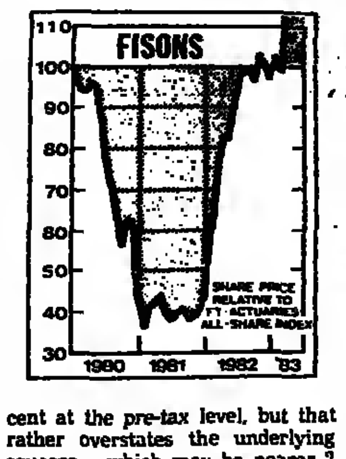
The agreement also comes at a time of heavy stock market speculation in New York about possible major joint ventures between International Harvester and other large industrial manufacturers. But International Harvester has persistently denied all Wall Street rumours about major deals in the pipeline.

Even yesterday, an International Harvester official in France stressed that the agreement with Massey should not be interpreted *as a co-operation agreement* as such, but as an agreement to study ways to co-operate in the parts and components side of the business.

THE LEX COLUMN

Fisons injects a booster

Even before yesterday, Fisons' new superstar rating was sufficient to allow it to come to the market for funds at a price which would have been unimaginable only a year ago. Last January, before the dead weight of the fertiliser business was shunted off to Norsk Hydro, the shares stood at 157p. At 385p, yesterday's rights issue was made at a 17 per cent discount to the overnight market price; and by the end of the day, after the shares had raced ahead by 73p to 536p, the gap had widened to embarrassing proportions.



With pre-tax profits up 127 per cent to £21m for the year to December, the shares now stand on a fully-taxed historic multiple, after adjusting for the rights, of around 22 – not yet quite in the Glaxo class, but a clear pharmaceuticals-related rating. Yesterday's market reaction suggests that the second-half surge in trading – up 23 per cent – has convinced many of the remaining *doubters that the company* really has changed its management face.

Volume growth last year was particularly strong in pharmaceuticals, which accounts for about 65 per cent of profits. But the two other divisions – horticulture and scientific equipment – also increased their trading performance by 30 per cent, with increases in both productivity and market share. And the group has even got back to a current cost dividend cover.

The rights issue will help meet the criticism that Fisons was slipping into its bad old highly-geared ways. Heavy capital expenditure and two acquisitions last year in Canada and Australia had pushed debt up by the year end to £79m, only £8m below the level at the end of 1981, despite the £50m cash generated by the fertiliser sale. Net debt will now be brought down from around 70 per cent to well under 50 per cent of net tangible assets, *where the group is aiming to hold* it regardless of further acquisitions.

Unilever

What a difference a stretch of salt water makes to a company's profit record. In the UK Unilever has reported a 1.9 per cent increase in its pre-tax profits for 1982 to £722.6m. Just across the channel in the Netherlands the company has unveiled a 9 per cent decline to Fl 3.1bn. Over the Atlantic in New York analysts are frowning over a dollar decline of 14 per cent – and 20 per cent at the attributable level.

Stripping out currency effects there has been a decline of 3 per cent at the pre-tax level, but that rather overstates the underlying squeeze – which may be nearer 2 per cent. Net restructuring costs, heavily biased to the final quarter, have risen by £11m to £37m, although there has been a partial offset of £3.5m as a result of a change in accounting dates in certain subsidiaries.

A few significant features stick out in the usual catalogue of trading swings and roundabouts. It is clear that the export business to Nigeria has been hard hit; while the domestic businesses have held up so far, the outlook is becoming bleaker.

In North America profits have improved on the back of an aggressive products push at Lever Brothers. The paper and packaging division swung into sharp loss, and in spite of restructuring in the UK, markets remain extremely difficult.

The company looks much more aggressive, which bodes well in the *medium-term. But the immediate* outlook remains rather dull. The shares have seen a re-rating in recent months as U.S. investors have descended on the Dutch stock. In the UK the shares were stable at 785p yesterday on an increased dividend. But an unchanged Dutch pay-out – down in dollar terms – helped push the shares Fl 2.3 lower to Fl 191.5. It is all a question of perspective.

Royal Insurance

Volume growth and higher market shares around the world were *seen as the twin goals for Royal In*surance, not least by its own management, when the group adopted the total return concept in 1980. How very differently things have worked out.

Judging each market's performance from the combined return on underwriting and the investment of premiums – which was expected to be the justification for a lower quality *underwriting performance* – has only served in the event to focus the Royal's mind on the imminence of disaster in Australia and Canada, where no amount of investment wizardry could restore overall profitability in 1981.

The conclusion, that market share in these areas should be ruthlessly sacrificed, has clearly been accepted by management and the relative strength of Royal's 1982 results is their due reward.

The 16 per cent drop in pre-tax profits to £96.5m, much as expected, primarily reflects the severe underwriting losses incurred in the UK and the U.S., with an aggregate loss of £18.9m in the U.S. representing a downturn of £46.6m. Against this, however, Royal has achieved a combined gain of £53.3m in Australia and Canada. The group has cut back its market share less in Australia than in Canada, where premium income has fallen 25 per cent.

In both markets, though, 1982's retrenchment has been accompanied by costly reorganisations which may ensure further benefits.

Royal has decided in effect not to compete for unprofitable business now in the hope of maximising recovery prospects in the future. But there still seems ample room for it to ride any recovery and the shares are yielding 7.6 per cent after a 5 per cent jump in the final dividend.

Grindlays

Grindlays Bank's bitter-sweet mixture of higher – much higher – provisions and a 5.5 per cent dividend increase was presumably meant to signal that the group was sailing as serenely as possible through the world debt crisis. This, at least, is how the market took the figures, and the shares finished 8p up yesterday at 168p, where they yield around 4 per cent.

The increase in the annual provision from £3.8m to almost £51m gives Grindlays a year-end ratio against advances of around 3 per cent, about twice the figure usually maintained by the clearers. The group's greater prudence may partly reflect its heavy exposure in third world markets, including South America.

But the move was made much easier through its timely withdrawal from investments in both Hong Kong and Dubai. The £25m going into the general provision fund has been charged against the £78m profits over book values realised by the disposals.

Bullion bulls lose their footing in an oil slick

Continued from Page 1

appear in Europe and prices stabilised. Early trading in New York on Tuesday was ot prire around $420.

The drop in the bullion market is the second dramatic switch the market has made in the past few months. Last August, the prire rose *from $340 to more* than $500 in less than three weeks.

At the time much of the buying was attributed to worries that Mexico's default might send the whole international banking system into collapse, but it became clear that fears about banks – and a flight into assets which did not figure as liabilities in someone else's balance sheet – had dnne nn more than spark the gold market off.

Once the price started to rise rapidly, speculators against the metal became forced buyers in large amounts, and the tempo necessarily increased.

People who had sold bullion short, expecting prices below $300, needed to buy to cover their positions. That sent the price rocketing. This week the boot was on the other foot.

Last summer, speculators who thought the price would fall were forced into panic-buying because they had sold in the futures market metal which they did not yet own.

This time, people who had bought gold or gold futures, expecting the price to rise, were forced to sell when it disappointed them.

In each case the cost of maintaining a position was becoming insupportable. The bears who ran for cover last summer had to cover the full extent of the losses they were showing on their short sales – futures markets work on the rule that losses are covered in full and in cash.

The bulls who were caught this time found the carrying costs increasingly heavy as the price failed to advance, and when oil anxieties tipped the market downwards they had to sell out their positions in order to stop their losses mounting.

With this year's mounting bullion price other metals, and commodities in general, have been on the attack. Forced selling of bullion this week has spilled over into these other markets, as speculators trying to finance long positions in gold have had to run down their other holdings, too.

Violent swings in the commodity markets – gold more than any – tend to be followed by a "correction" as traders square up their books. After the squeeze, which raised prices so fast in August, the market boiled over, with prices bottoming in the $400 area.

The recent climb has been more broadly based. Mnre and smaller speculators were buying as the price rose. But, for that very reason, more people have been caught out this week.

Brazil given six months' grace period

Continued from Page 1

ified projects. Final agreement – on what is a new approach to lending by the World Bank – is expected by July, with disbursement to Brazil following soon afterwards.

Sr Delfim promised radical changes soon in foreign trade policies, through the provision to new incentives to exporters. Recognising the difficulties encountered by exporters dependent on restricted imported components and raw materials, the Government intends to improve the present "draw back" system of imports.

A new head of foreign trade, Sr. Carlos Viacava, has been appointed following the recent resignation of Sr Benedito Moreira, the long-serving head of Cacex, the foreign trade authority.

On Monday night, Brazil's President Jnan Figueirede gave a vote of confidence to Sr Delfim, whn has come under increasing criticism in recent months from the business community and some politicians.

Clearly boosted by this restatement of support, and the conclusion of the Bank and IMF agreements, Sr Delfim brushed aside arguments that the recent maxi-devaluatinn of the cruzeiro would lead to a spate of bankruptcies in Brazil and a new boost to inflation.

He estimated that the devaluation would give a boost of between 10 per cent and 15 per cent to industrial exports.

World Weather

		°C	°F
Ajaccio	S	10	50
Akrotiri	C	13	55
Algiers	F	18	64
Amsterdam	C	5	41
Athens	S	14	57
Bahrain	F	18	64
Bangkok	S	33	91
Barcelona	F	15	59
Beirut	S	17	63
Belgrade	C	6	43
Berlin	F	6	43
Biarritz	R	9	48
Blackpool	C	5	41
Bordeaux	C	9	48
Brussels	R	5	41
Budapest	R	5	41
B. Aires	S	25	77
Cairo	S	21	70
Cape Town	S	29	84
Caracas	S	28	82
Casablanca	S	18	64
Copenhagen	C	2	36
Corfu	T	10	50
Dublin	C	9	48
Dubrovnik	F	12	54
Faro	S	16	61
Florence	S	13	55
Frankfurt	F	5	41
Funchal	C	17	63
Geneva	C	8	46
Gibraltar	S	18	64
Guernsey	F	8	46
Helsinki	S	-8	18
H. Kong	R	17	63
Innsbruck	R	3	37
Inverness	F	4	39
Istanbul	F	11	52
Jersey	S	8	46
Jo'burg	S	23	73
Las Palmas	C	18	64
Lima	S	30	86
Lisbon	S	15	59
Locarno	C	5	41
London	C	8	46
Los Angeles	R	15	59
Luxembourg	C	2	36
Madrid	S	15	59
Majorca	C	15	59
Malaga	S	20	68
Malta	F	16	61
Manila	S	33	91
Miami	R	20	68
Milan	R	3	37
Moscow	S	-8	18
Munich	C	4	39
Nairobi	—	—	—
Naples	R	11	52
New Delhi	C	22	72
New York	F	2	36
Nice	C	13	55
Oporto	R	17	63
Oslo	C	0	32
Paris	C	6	43
Prague	C	4	39
Reykjavik	D	1	34
Rio de J'o	C	38	100
Rome	C	13	55
Salzburg	S	4	39
Seoul	S	10	50
Singapore	S	34	93
Stockholm	F	-2	28
Strasbourg	C	5	41
Sydney	S	28	82
Taipei	S	23	73
Tangier	S	20	68
Tehran	—	—	—
Tel Aviv	C	16	61
Tenerife	F	19	66
Tokyo	S	14	57
Toronto	S	-2	28
Tunis	C	14	57
Valencia	S	20	68
Venice	F	6	43
Vienna	F	6	43
Warsaw	Sl	1	34
Zurich	Cf	4	39

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

VW in wage agreement

Continued from Page 1

too, had achieved their main aim – an agreement lasting longer than one year – and said it implied a rise of only 3.2 per cent spread over 12 months.

VW has long since gone its own way in the annual wage negotiations, and the metal-working employers' organisatinn, Gesamtmetall, was quick to criticise the agreement.

A spokesman said the increase was too high to serve as a signal for the whole industry, and that if it were to be widely accepted more jobs would be lost. At present, 653,000 of West Germany's 3.6m metalworkers are on short-time.

At the same time, *IG Metall* members staged demonstrations and brief work stoppages in several regions yesterday to press demands for increases of around 6.5 per cent.

Employers have generally been offering 2.5 per cent and seeking to co-ordinate their approach.

Business prospects are certainly a little brighter in the vehicles sector than in many other metal-working branches, and VW is thus better placed to pay more than many Gesamtmetall employers.

It is, however, widely felt that the VW formula involving a longer period for the wage agreement may set a precedent.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C. E. P. Smith, Frankfurt/Main.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday March 2 1983

BNP profits up despite government pressure

BY DAVID MARSH IN PARIS

BANQUE NATIONALE de Paris, France's biggest bank, increased its overall operating results last year, although its net profit after higher provisions on foreign loans was probably slightly lower.

M René Thomas, chairman, stressed that banking profits were holding up despite increased pressure from the Government to use state-owned banks as a tool to help industry.

M Thomas was promoted to head the bank 12 months ago after serving as assistant managing director since 1979. Some observers of the French banking scene link the increased number of bank rescue missions to save companies in destress with the Socialist Government's general interventionist approach to industry.

But M Thomas said: "If the previous Government had remained in power, the Treasury would also be asking us to make a certain number of efforts to aid companies in difficulties."

He said traditional French methods to force banks into rescue bids for companies were similar to those used by the International Monetary Fund (IMF) to rally banking support for heavily indebted developing countries. He pointed out that M Jacques de Larosière, IMF managing director, was profiting from his experience as head of the French Treasury between 1974 and 1978.

M Thomas did not want to be too specific about BNP's profits as all the accounts and details for last year had not yet been checked. In 1981, the bank made a profit of FFr 591m ($86.6m), while the net consolidated group profit was FFr 1.17bn.

Operating profit for the bank, its foreign branches and subsidiaries was up in 1982, but the net result would be brought down by higher provisions, especially on loans to countries such as Mexico, Brazil, Argentina, Chile, Poland and Romania, he said.

BNP was nationalised in 1945, but state control over the banking system has generally tightened since last year's nationalisation of most of the remaining French commercial banks.

There are a number of examples of banks taking active steps last month to help companies as part of Government-sponsored rescue packages:

- The nationalised banks are increasing their equity participations in Poclain, Europe's biggest construction equipment maker, and are also restructuring loans as part of an overall aid package worth more than Fr 650m;
- The banks are taking a stake of 20 per cent, through a financial holding company, in Prouvost.
- Banks are playing an unspecified role in an overall FFr 90m rescue package being assembled for Richier.

KHD hopes for good results in 1982

By James Buchan in Bonn

KLÖCKNER-Humboldt-Deutz, the West German engineering concern, expects "satisfactory" earnings for 1982 despite a decline in orders during the second half of the year.

KHD, an important producer of diesel engines as well as industrial plant and agricultural machinery, increased its group external sales in 1982 to DM 5bn from DM 4.9bn ($2.07bn) in 1981. Parent company sales also rose slightly from DM 3.91 to DM 3.92bn.

With the fall in demand from overseas, especially the U.S. and the oil-producing countries, in the second half, and the weakness of the domestic vehicle and construction market, parent company orders booked fell by 21 per cent to DM 3.8bn. However, in its latest shareholders' letter, the concern said the 1981 order figures were inflated by two big contracts for cement plants from the Middle East.

KHD said orders had increased in its agricultural machinery division and, with 18.9 per cent of a stagnating market, it now claims to be the market-leader for tractors in West Germany.

With the successful disposal to Fiat of KHD's 20 per cent share of Iveco, the Amsterdam-based commercial vehicle manufacturer, it was not ruled out yesterday that KHD could increase its dividend slightly from the 1981 DM 8 per DM 50 share.

Borregaard cuts dividend to 8%

By Fay Gjester in Oslo

BORREGAARD, the Norwegian forest products, metals, chemicals and foodstuffs group, is cutting its dividend for 1982 to 8 per cent, from 11 per cent a year earlier, after a steep decline in profits last year. Preliminary figures put profits before tax and year-end appropriations at NKr 31.3m ($4.4m), compared with NKr 151m in 1981.

The group points out, however, that the profit figure is better than expected.

Of the group's companies, two – Denofa-Lilleborg and Stabburet – actually increased profits from a year earlier. These two, which make toiletries, detergents and foodstuffs, made a "significant contribution" to the group result, the report says.

The group's forest products subsidiary, Borregaard Industries, made a loss of NKr 49.3m, compared with a profit of more than NKr 50m a year earlier.

Invest shows reduced debt in full year

By Our Rome Correspondent

INVEST, the Italian financial holding company controlled by the Bonomi family, reports almost unchanged profits for the year to November 30, 1982, but substantially reduced debt.

Profits were L7.847bn ($5.6m), only L2m higher than for the previous year. Debt fell from L57bn to L10bn.

The group, which is heavily involved in the insurance sector but which also has some industrial participations, including control of the Italian detergents company Mira Lanza, said its dividends from subsidiaries were up from L6.3bn to L8.7bn.

Invest's parent company is Beni Immobili Italian (BII), the property and financial holding company.

Amex wraps up deal with Safra

NEW YORK – American Express, one of the world's biggest financial services companies, said its offshore banking subsidiary had completed the $550m acquisition of the non-U.S. banking business of Mr Edmond Safra's Trade Development Bank holding.

As a result of the combination, American Express assumes ownership of Trade Development Bank's principal subsidiary, the Trade Development Bank of Geneva.

It also acquires Trade Development Bank (Luxembourg), Trade Development Bank Overseas and Trade Development Bank (Uruguay).

The formal transfer of Trade Development Bank (France) has been temporarily deferred pending conclusion of the closing arrangements.

American Can net loss reflects restructuring

BY PAUL TAYLOR IN NEW YORK

AMERICAN Can, the large diversified U.S. packaging company, yesterday reported sharply lower fourth-quarter net income and a full-year net loss reflecting the costs of a massive restructuring and diversification programme.

For the fourth quarter, the packaging group, which has been undergoing a radical restructuring programme diversifying into the financial services sector, reported net income of $1.6m, or 4 cents a share, compared with $9.5m, or 44 cents, in the 1981 quarter. The latest quarter includes a $5m, or 27 cents a share, provision for unusual items. Revenues for the fourth quarter fell from $1.26bn to $918m.

In the full year, American Can reported a net loss of $133m, or $7.31 a share, after a third-quarter provision of $178m, after taxes, to realign and divest certain assets and operations.

In 1981, the company reported net income of $77m or $3.77 a share. Revenues fell from $4.84bn in 1981 to $4.06bn in 1982 largely reflecting the sale of American Can's domestic Dixie Northern paper-based operations last July.

American Can said operations were profitable for the year but that weak demand and pricing in several key markets, including containers and packaging, secondary aluminium, polythene resins and forest products, reduced income in 1982.

Declines in those businesses were partly offset by gains at Figerbut, the Musicland group and Pickwick distribution companies as well as from the company's recently-acquired insurance subsidiaries.

Mr Frank Connor, president and chief operating officer, said that the 1982 restructuring actions were taken in order to eliminate the future earnings and cash drain of certain operations that are unprofitable, marginal or that do not fit into the company's long-term strategy.

He said these actions, coupled with further productivity improvements, position the company for improved earnings as economic recovery returns demand to more normal levels and the company's financial services business sector makes its full-year contribution.

Mr William Woodside, chairman and chief executive, added that the company had made a fundamental redirection programme designed to improve the long-term profitability of the company.

He cited the mid-year sale of most of the company's paper-based operations in the U.S. to James River for $423m in cash and stocks and the acquisitions of Associated Madison companies in April, Transport Life Insurance Company in September and Penncorp Financial in January 1983 at a total cost of about $575m.

Venezuela renews bid to buy Shell refinery

BY KIM FUAD IN CARACAS

VENEZUELAN President Luis Herrera Campin's announcement that negotiations have been renewed for the purchase of Shell's 362,000 barrels per day (b/d) refinery at Curaçao has caught oil industry technicians by surprise.

During a recent official visit to the Netherland's Antilles Dr Herrera said Venezuela is "putting all its efforts into the negotiations which would reportedly involve an equity in the refinery for the Government of Curaçao."

Oil industry sources said yesterday: "We thought that the idea had been abandoned some time ago." They added that the partial or total purchase of Shell's Curaçao plant or Exxon's Aruba refinery had been rejected from a technical point of view.

Petroleos de Venezuela (PDVSA), the state oil monopoly, and Shell have held talks on the possible purchase of the Curaçao plant since the Venezuelan oil industry was nationalised in 1976. However, Venezuelan enthusiasm waned as the country made major investments in overhauling its own 1.5m b/d refining capacity and world demand declined. Venezuela is presently using only about half of its installed refining capacity.

Some sceptical observers believe that Dr Herrera's announcement may have been more politically oriented than based on technical and economic considerations. In fact, he said, the purchase would form part of Venezuela's general policy of co-operation with Caribbean nations.

The Shell refinery is more than 50 years old, but has been upgraded over the years and is now quite sophisticated. In addition to its 362,000 b/d primary atmospheric distilling capacity, it also has conversion installations, desulphurisation capacity and a small lubricants plant.

Economically, the Curaçao plant has been a good client for Venezuela's heavy crudes, purchasing some 90,000 b/d in the past.

ABC lifts earnings 9% in year

By Our Financial Staff

AMERICAN Broadcasting Companies (ABC), the third largest U.S. television network after CBS and NBC, has reported a 9 per cent rise in net profits for 1982 in spite of a 8 per cent downturn in the final quarter because of lower revenues than expected at its TV network.

Fourth-quarter net profits were $41.1m, or $1.42 a share, on revenues of $759.7m, compared with $43.8m, or $1.53, on $736.7m in 1981.

This brought full-year net profits to $160m, or $5.54, on revenues of $2.86bn, compared with $146.3m, or $5.13, on $2.44bn a year earlier.

The 1982 net profits include a total of $14.9m in extraordinary gains while there were none of these in 1981.

The fourth-quarter setback for the TV network was due in part to the National Football League players' strike, higher sports rights costs and costs associated with expanding news covering in the late night and early morning schedules.

Rumasa 'included undeclared companies'

By David White in Madrid

THE RUMASA holding group included a web of 88 undeclared companies, Sr Miguel Boyer, the Spanish Economy and Finance Minister, told the Cortes (Parliament) yesterday during the debate on last week's expropriation measure against the group.

He said that this "parallel" network of financial and other companies linked to Rumasa was even more obscure than the 212 companies in which it had declared its holdings.

Sr Boyer was defending the constitutional grounds for the takeover which are being challenged by the conservative opposition. He accused Rumasa's previous management of "a succession of irregular and unorthodox practices" and of "systematic concealment" of the group's affairs.

The group had broken an undertaking to stop its banks increasing their risk exposure in Rumasa companies, had furnished incomplete and contradictory financial information and had presented audits of only one of its 18 banks, namely the largest, Banco Atlantico, in which it has a controlling stake.

The remaining banks had valued assets in their accounts at 500 per cent of their real worth, and in the case of Banco General at 1,045 per cent, and their real operations were "very probably" in deficit, Sr Boyer charged.

He also indicated that tax discrepancies at the group over the past two years amounted to some Pta 60bn or $500m. Other alleged irregularities included share transactions within the group and debts that were not accounted for.

Presenting the expropriation decree for ratification by the Socialist-dominated Cortés, Sr Boyer said the Cabinet had weighed all possible alternatives and had reached "virtual unanimity" that this was the only course.

Other forms of intervention in the group would have provoked a run on deposits and forced the banks to suspend payments. This, he said, would have led to "an incalculable economic and financial scandal" and a crisis in international confidence.

Japanese to raise $430m for Brazil mill

JAPANESE banks are syndicating a short-term $430m loan for the Tsubarao Steel Company, a Brazilian-Japanese-Italian venture, to enable it to complete an integrated iron/steel mill at Tsubarao, in the state of Espiritos Santos, Brazil, Reuter reports from Tokyo.

The loan will bridge the period between now and a short test run of the whole plant after completion of three coke furnaces and a coal yard at the plant, expected next September.

The coke furnaces and coal yard will then be sold to a syndicate of Japanese leading companies and trading houses, which will sell them back to the steel mill for instalment payments over 10 years.

About 95 per cent of the steel mill, with an annual capacity of 3m tonnes, has been completed, but work on the rest has been delayed because of a shortage of *funds at Sidelbras, a Brazilian* state-owned steelmaker.

Kawasaki Steel Corporation is the venture's Japanese partner, and Japanese banks have invested $700m in the project. The Italian partner is Finsider.

Dai-Ichi Kangyo Bank is the lead agent for the syndicate for the loan in which 22 Japanese banks are likely to participate.

Tokyo allows provisions on foreign loans

The Japanese Finance Ministry is to allow Japanese banks to provide for possible loan losses overseas, starting from the current business year ending this month, Reuter reports from Tokyo.

A circular from the Ministry's banking department will inform banks that they may use after-tax profit to provide for 1 to 5 per cent of their sovereign loans to specific countries with high-risk loans.

The circular is being issued to enable banks to raise necessary funds for provisions by selling securities they hold well before the end of the business year.

Bankers say the Ministry will probably list 22 countries for the provision, with each bank required to apply the same percentage of provision it chooses to all the countries to which it has made sovereign loans. Lending to corporate borrowers will be dealt with separately.

Lachlan Drummond sees bizarre happenings in the shopping centres

Bid battles shake Australia's stores

AUSTRALIAN RETAILING, which has seen some audacious and intriguing corporate twists in recent years, witnessed perhaps its most bizarre scenes on the Friday of the week before last.

The staff of Waltons Bond opened the doors to thousands of seekers of closing-down bargains at its main Melbourne store and then walked off the job. Store executives and in-house detectives were forced to search the departing public, after the staff left cash registers and the floor space of the Bourke Street store wide open.

Police were called to quell the near-riot resulting from the action taken by part of the embittered 700 strong workforce, which faced the sack after Waltons' decision to close its 15 stores in Victoria. Waltons immediately sacked *its* 700 workers and sold its A$17m of stock to Myer for a A$2m discount.

Meanwhile, the pressures which forced the closures on Waltons, and the withdrawal from the New South Wales market of the Myer Emporium, have unsettled the outlook for all participants, with fears arising of illogical and irrational market moves by some of the more hard pressed groups.

Woolworths and C. J. Coles, the two mass retailers of food and discount products, seem so far to have benefited from the turmoil, although the former's abortive attempt to push into the more up-market department store sector last year has contributed much to the current market confusion.

But behind all this lie intrusions into the retailing scene by two of Australia's masters of opportunist investment — Alan Bond's Bond Corporation Holdings and Mr John Spalvins' Adelaide Steamship Company.

Bond Corporation's purchase into Waltons was designed to secure cash flow and to find a haven for the Bond Corporation's property interests, all of which have now been transferred to the retailer.

For Adsteam, cash flow and lazy assets at Grace were a major attraction, although from the start Mr Spalvins' group tried to breath fire into a group *grown complacent under family* management.

Mr Bond, too, in more recent times had become more aware

> Takeovers and redundancies have unsettled the Australian retailing industry. At the shopfloor level, tills were left open and counters unattended at Waltons Bond's main Melbourne store, during the closing down sales late last month. At the stock market level there has been bid and counter bid involving the courtroom as well as the boardroom

of the need to turn around the retailing side of Waltons, the more so now that the prospects for his selling this side of the business have diminished and grander merger plans have faded.

A major step in this direction came in the middle of last year when it became entangled with Grace Brothers Holdings in a A$30m (U.S.$29m) battle for control of Norman Ross, the discount chain.

At first, Grace won more than 50 per cent of the shares, although it found Mr Bond with *the remaining interest* and an almost 20 per cent stake in Grace itself.

In this overheated situation, Adsteam moved in to take a similar, almost 20 per cent position, the Grace family enlisted Tan Sri Khoo Teck Puat, the Singaporean businessman, to take a similar stake, and then Woolworths issued an all share takeover offer worth A$190m.

The Woolworths' offer, consisting in a share and convertible notes deal, was rushed, but after profits collapsed at Grace Bros, the company withdrew its offer, a move soon to be challenged in the Privy Council but already approved by the Australian high court.

As much as the profit fall, the prospect of potentially unstable shareholders like Adsteam and Bond joining its shares register *may* have lain behind the Woolworths move. For whatever reasons, Woolworths is now pleased to be out of the department store race, while all concerned are searching for a way out of the shareholding impasse at Grace Bros.

Mr Michael Grace, representing *about* 20 per cent of the shares, and managing director at the retailer, has recently taken the initiative over its *future* by taking on the Myer group's NSW stores in an A$65m purchase of stocks, fixtures and fittings.

As a further step, *Grace* has set up a joint venture finance operation which is soon to buy about A$85m of short-term *receivables from Grace*, which will give it the financial muscle to pursue the opportunities from its instant expansion in what is already its largest market.

The purchase of the Myer operations stymied plans by Waltons to sell its retailing activities to Grace and superseded talks on the possibility of Myer taking out one or two of the major Grace Brothers shareholders.

Adsteam and Waltons, which paid around A$3.50 a share for their Grace stakes, are apparently prepared to sell at a little above this price, which compares with a recent share quote of around A$2.50 to A$2.60. Neither appears willing to extend its stake because of the cost but for two groups so keenly conscious of share prices, crystallisation of the losses on their holdings is one thing they do not want.

All is not despair, however, with Coles and Woolworths reporting good profit increases up to January 31 and David Jones saying that it had an excellent Christmas. Grace Bros, *too*, appears to be over its earlier profits setback.

Waltons, meanwhile, having given up the 20-year attempt to establish itself in Victoria may soon see the *benefits* of the merger with Norman Ross — although by quitting, rather than selling its operations in Victoria, it may suffer some strain in selling its freehold and leasehold properties.

At the same time, the Melbourne-based Myer, having given up the long struggle to establish itself in the rival city of Sydney, and NSW at large, is looking confident after the deal and after the recent assumption of management control by Mr Sidney Baillieu Myer, a grandson of the founder.

It *is working to* bundle up *its* properties into saleable parcels, while slimming its operations. It is a popular favourite for *takeover*, once the *property* and trading sides are sorted out.

Mr Solomon Lew, an investor with interests in the garment trade, recently spent A$28m buying almost 10 per cent of Myer, a friendly move he said, which realised a life time's ambition.

However, his ability to buy such a parcel of shares underlines the state of flux which exists both in the share registers and the trading market for retails. Indeed, the Australian retailing scene is sure to become more bizarre as the year wears on.

Strong earnings advance at Santos

By Lachlan Drummond in Sydney

SANTOS, the senior partner in the Cooper Basin gas and liquids project, has reported a rise in profits from A$20.5m to A$26.5m (U.S.$25.3m) for the year to December 31 as a result of higher gas sales and prices.

Sales income for the year was up 45.4 per cent to A$65.19m. The slower growth in profits reflected a A$3m rise in depreciation to A$9.9m, a higher tax rate resulting in a charge of A$13.74m against A$6.62m and a modest increase in interest charges from A$976,000 to A$1.19m. Also investment income was down from A$5.35m to A$3.52m.

For the current year earnings should show even sharper growth as the liquids part of the project gets underway with crude oil and condensate *deliveries* of about 1fm barrels. There will also be a full year of higher gas prices.

Meanwhile, Vamgas, 50 per cent owned by Woodside Petroleum and which has 9.1 per cent of the natural gas operations and a roughly 8 per cent *share of the liquids scheme*, yesterday reported annual net profits for 1982 of A$4.4m compared with A$2.99m.

Both companies have declared higher dividends. Santos will pay a total of 8 cents against 6 cents with a 6 cent (4 cent) final. *Vamgas* will pay 10 cents against 7 cents with a first and final payment.

Australian Caltex moves into the red

By Our Sydney Correspondent

CALTEX Australia failed to achieve its forecast recovery in the second half of 1982 after industrial action at its Sydney refinery left it with a net loss for the year of A$11.2m (U.S.$10.7m).

The loss compares with a net profit of A$20.95m for 1981. Profits before tax and minority interests came to A$24.8m in 1982, compared with a A$29.9m surplus in the previous year. As at June 30 a net loss of A$5.4m had been incurred.

A major factor in the result was the doubling in interest charges from A$29.9m to A$59.5m to account for almost all of the pre-tax, interest and depreciation *earnings of* A$67.5m against A$85.9m.

Overall sales were 10 per cent ahead at A$1.56bn.

Despite the latest loss, the directors have declared a first and final dividend of 3 cents a share compared with 4.4 cents last time.

Philippine agency issues U.S. paper

By Emilia Tagaza in Manila

NATIONAL DEVELOPMENT Company (NDC), the investment arm of the Philippine Ministry of Trade and Industry, is to issue $50m worth of commercial paper in the New York market. This is the first time that a Philippine institution has ventured into the foreign commercial pape rmarket.

NDC has obtained guarantees for the paper from Wells Fargo and Mellon banks, and officials hint that if more banks later join in guaranteeing the issue, the amount may be raised to $100m.

Operating profits fall at SAAN

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICAN Associated Newspapers (SAAN) publisher of the Financial Mail, Rand Daily Mail and Sunday Times, posted a fall in 1982, operating profit before tax and investment to R8.84m ($8.1m) from R12.5m in 1981.

The main reason for the decline, is increased losses by the Rand Daily Mail. In addition, management says that a colour supplement introduced in August in the Sunday Times, lost money as demand for advertising *space* was below expectations and printing charges were far higher than budgeted.

A venture into a new Sunday newspaper started in March, was targeted at the black community; called Golden City Press, it was wound up with a loss of R750,000.

Finally an agency agreement under which SAAN markets electronic editing equipment incurred the group in a loss last year.

An unchanged total dividend of 185 cents *has* been declared though earnings fell to 365 cents a share from 471 cents.

● Commercial Union (Cusaf), the South *African* composite insurance company which is 45 per cent owned by Commercial Union of the UK and 30 per cent by Gold *Fields* of South Africa, has almost entirely eliminated its short-term underwriting losses.

In 1982 the short-term underwriting loss was only R145,000 against R3.9m in 1981. The main reason for this has been the general improvement in motor insurance rates which rose by some 50 per cent last year and are expected to advance by another 20 per cent this year. Short-term underwriting premiums rose to R58.2m from R45.1m.

The dividend has been raised to 28 cents from 25 cents and earnings rose to 69.8 cents a share *from* 37.8 cents.

INTERNATIONAL APPOINTMENTS

Senior posts at Amax Europe

● AMAX EUROPE, the new organisation responsible for coordinating Amax activities in Europe, has made the following appointments. Dr Eric R. Braithwaite, vice-president chemicals, London, will be responsible for sales, research and development activities for all chemicals. Dr Hans Imgrund, vice-president sales, Paris, will be responsible for coordinating sales of all metals. Dr Michael H. Kroen, senior vice-president, Amax Coal, Paris, will be responsible for all sales and market development for coal in Europe. Dr Wolfgang E. Lauprecht, vice-president research and development metallurgy, Dusseldorf, will be responsible for research and development activities for all metals and technical information in Europe. Mr Walter Marting, vice-president administration, Paris, and assistant to the president, will be responsible for control, planning and finance. Dr Cvetko Nikolic, vice-president marketing, Paris, will be responsible for marketing activities for all metals. Mr Jacques Verley, vice-president public and investor relations and company secretary, Paris, will be responsible for external communications and relations with shareholders and the investment community. Mr Gijsbert Witkamp, vice-president production, Rotterdam, will be responsible for the European plants of Amax and all facets of their production.

● A British executive is to become the new head of CEFIC's (European Council of Chemical Manufacturers' Federations) Economic department. *Mr Michael* C. Cockburn will also be the Federation's trade policy counsellor. He succeeds Mr Gareth Davies who retires on March 31. Mr Cockburn joined ICI in 1961, and is currently petrochemical sales manager for southern England. CIA (Chemical Industries Association) is a founder member of CEFIC and makes its representations on GATT and GSP through CEFIC at the European level.

● Australian property company, AUSTMARK INTERNATIONAL, has appointed four directors: Sir Lenox Hewitt, who becomes chairman, Sir Mervyn Brogan, Mr Peter Beckwith and Mr Peter Mitchell. Mr Max Cunningham becomes general manager-marketing and sales.

● Mr H. E. Sebastian has joined PHILIPP BROTHERS, INC. in New York, in a senior trading position. He was formerly marketing manager of Aromatics at Exxon Chemical Company U.S. Mr Jorge Sampietro has joined *Phibro SA, Buenos Aires*, as manager of Petrochemicals and Plastics for Latin America. He was formerly commercial manager of Polisur S.M., Buenos Aires. Mr Richard Di Palo, formerly vice-president of chartering at Pan Ocean Anco in New York, has joined Philipp Brothers, Inc., as chartering manager, petrochemicals.

● REYNOLDS METALS COMPANY has elected Mr R. Bero Crowl as executive vice-president succeeding Mr Jesse T. Hudson Jr., who is retiring as financial vice-president. Mr Crowl was formerly executive vice-president and chief financial officer of Amax Inc.

● Mr Soren Baath, previously general manager of ASEA'S low voltage switchgear and controlgear division, has been appointed managing director of KABELDON AB in Alingsås, Sweden. Mr Tom Sjokvist, previously manager of the corporate development and strategic planning department at ASEA, *succeeds him*. Mr Jan Martinsson has been appointed manager of the corporate development and strategic planning department. Mr Jan Sjoqvist has been appointed manager of the controller department. ASEA Kabel AB and the Ericsson Group each have a 50 per cent interest in Kabeldon AB.

High technology planning takes Iveco to U.S. deal

LAST YEAR proved to be very difficult for Iveco, Western Europe's second-largest commercial vehicle group. "But we are going into 1983 much stronger," says Sig Giorgio Manina, managing director of the Fiat-owned company.

To prove his point, Iveco already has signed a major joint venture deal this year. It is to collaborate with Eaton Corporation, the U.S. group, in the design, manufacture and marketing of medium-duty truck transmissions.

Sig Manina lays emphasis on the idea that the arrangement fits the Iveco theory about the future of Europe's truck business. He sees the industry gradually moving away from its traditional vertical structure, in which the truck makers produce most of their own components, to one where they would instead assemble high-technology components bought in from suppliers who would be able to cover investment costs by producing in high volume.

Sig Manina points to the electronics industry, to draw a parallel. "That was once a vertical industry . . . now most television sets are made from components from one or two suppliers. As for the truck industry, 20 years ago there were many manufacturers in the U.S. Now there are very few, and not one of them has a vertical manufacturing structure."

Iveco, Sig Manina insists, would never depart from the vertical structure to the extent of giving up development of its own engines—"the heart of the truck." With an output of 280,000 diesel engines a year, the company has the volume to make the cost worthwhile.

Both Iveco and Eaton need to replace their ageing ranges of medium-duty truck transmissions—used largely in delivery vehicles and trucks up to 16 tonnes gross weight.

The first prototypes of the jointly developed transmissions based on Eaton's current five and six-speed boxes should be in working vehicles by 1985 and full production is scheduled for 1986. Eaton will use its plant at Basingstoke, in the south of England, to manufacture the gearboxes and also one of its plants in the U.S. It will be the first time Eaton has made and marketed a medium-duty transmission in the U.S.

Iveco will also make the gearboxes at its existing transmission plant at Brescia, near Milan.

Apart from major savings arising from the sharing of development costs, Iveco benefits from having access to Eaton's worldwide truck components sales network.

Eaton should gain from guaranteed volume from Iveco, which should help keep down prices and make the transmission venture more attractive to other vehicle producers.

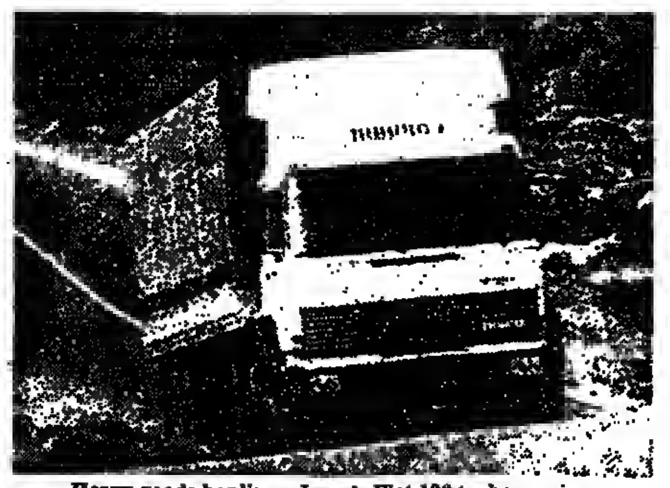
The arrangement will provide increased competition in Europe for ZF, the West German group, and the U.S.-owned Dana-Turner transmission business based in Britain.

Iveco signed a similar joint venture deal in June, 1981 with another American group, Rockwell, to produce truck axles—again on offer for sale to other vehicle makers. The joint company is on target to go into volume production at a converted former Iveco bus plant at Cameri in Italy next year.

Sig Manina says Iveco decided to go for joint venture projects rather than to buy components because: "If the industry is to de-verticalise, there will be a substantial market for components, and we would like some of that action. We want to keep a finger in the development pie as well."

Looking back on 1982, when Iveco's vehicle output fell from 113,000 to about 102,000 and turnover was reduced from Fl 10.86bn to Fl 9.8bn ($3.6bn) (Iveco is registered in Amsterdam), Sig Manina outlines the adverse factors:

- Nigeria, Libya and Algeria, which between them had been taking about 10,000 Iveco trucks a year, took practically none in 1982.
- A long-standing arrangement with Saurer in Switzerland came to a sudden end when the Swiss group completed a tie-up with Daimler-Benz, and Iveco had to set up its own import company there.
- There were also problems in Austria, Ireland and Holland, and the group quickly had to set up as an importer in those countries too.



Heavy goods hauling—Iveco's Fiat 190 turbo version

There was a reduction in employees—from 47,000 to 45,000. When Iveco was set up in 1975, it had over 50,000.

The brunt of the shake-out was felt in Germany, where Iveco closed its bus manufacturing plant at Mainz with the loss of 1,400 jobs.

Iveco, when it was formed in 1975, brought together Fiat's commercial vehicle interests—including Lancia and OM in Italy and Unic in France—and those of Magirus in Germany.

Sig Manina stresses that Iveco has no intention of quitting the West German market, and that the merger remains worthwhile. "When things are difficult, as they are in our industry today, countries get more protectionist, nationalistic. It is useful to have three home markets where we can be seen as a national company."

He points out that Fiat received a substantial injection of vehicle engineering talent through the merger with Magirus. "We got access to Germans who do not want to work in Italy for various reasons, but who now work for us in Germany."

Sig Giorgio Manina, managing director of Iveco, the Fiat-owned company which has linked with Eaton of the U.S. in a transmissions venture

Fiat on its own would probably not have been able to reach the current Iveco scale of output, Sig Manina believes. "Although we would have not have had the short-term problems, such as the losses in Germany and France, in the long-term we would not have had the chance of being a significant company in those markets."

Iveco had another setback last year when a deal for International Harvester to open up its dealer network in the U.S. to Iveco's medium-weight commercial vehicles fell through because of IH's financial problems.

The European group already had made a significant shift in policy in the U.S., moving the emphasis away from medium-heavy diesel trucks to lighter-weight chassis-cabs, again diesel-powered, to which American customers add their own bodywork.

Sig Manina says that the cancellation of the IH deal put Iveco's U.S. plans back a little in terms of market coverage. "We lost some time we could have used to sign up dealers. But the American truck market has been so depressed we didn't lose much."

He adds: "Now that the U.S. market is picking up and now we have a lot of new people there and our house has been put in order and our network strengthened—with the help of the lira-dollar relationship we can make money in the U.S. this year."

Sig Manina hopes for 4,000 to 5,000 unit sales in the U.S. in 1983. Once the 5,000 total is reached and looks like holding, Iveco will have to start assembling in the U.S. "Over 5,000 and you run into logistics problems. The pipeline from Europe is too long for that kind of volume."

Kenneth Gooding

UK COMPANY NEWS

SECOND-HALF PERFORMANCE SHOWS SIGNIFICANT RECOVERY

Royal ends 1982 lower at £96.5m

BY OUR FINANCIAL STAFF

A STRONG performance in the second half of the year enabled Royal Insurance to show a significant recovery from its disastrous start to the year and finish with pre-tax profits for 1982 of £96.5m – some 18 per cent lower than the previous year's figure of £117.5m.

A tax charge cut by half resulted in the net profit attributable to shareholders rising marginally from £71.7m to £72.9m, with the earnings per share rising from 38.5p to 38.7p.

The total dividend for the year is lifted by almost 5 per cent from 25.25p to 26.5p.

Underwriting losses predictably rose strongly by two-thirds from £102.9m to £166.1m, with U.S. losses nearly tripling from £32.3m to £91.1m. Investment income allocated to general insurance operations climbed nearly 20 per cent from £152.3m to £180.8m, leaving a general insurance surplus of £14.7m against £49.4m in the previous year.

Investment income attributable to capital and free reserves increased by nearly a quarter from £49m to £60.5 m, while long-term insurance profits climbed from £12.1m to £13.6m.

Premium income on general insurance business grew by 14 per cent in sterling terms, from £1.49bn to £1.7bn, the underlying growth allowing for exchange rates being 5½ per cent. The growth in general insurance investment income allowing for exchange rate fluctuations was 11 per cent. The strong growth in stock markets worldwide resulted in the solvency margin rising from 52 per cent to 68 per cent.

Premium growth in dollar terms in the U.S. – the group's largest operating territory – was 12 per cent – twice the expected average growth for the U.S. insurance industry.

However, underwriting losses rose substantially, and the insurance operations recorded a pre-tax loss for 1982 of £18.9m against a profit of £27.7m in 1981.

There were higher losses in commercial multi-peril and automobile business and the company increased premiums, particularly in the latter part of the year. Weather losses were some £13m greater than in 1981. Workers compensation business remained profitable.

The operating ratio in the U.S. climbed from 104 per cent to 111.1 per cent, with the claims ratio rising from 71.8 per cent to 78.3 per cent and the expense ratio from 32.2 per cent to 32.8 per cent.

The group saw the results of its remedial action begin to come through in Canada last year, with underwriting losses cut from £51.9m to £18.1m and the operation return to a pre-tax profit situation of £10.7m, against a loss of £27.8m in 1981.

But this has been achieved at the *expense of a significant loss of* business, with Royal's share of the market now being around 6 per cent.

Premium volume in the UK rose by 9 per cent, with most of this increase coming in personal business.

Motor premiums increased by 15 per cent, but underwriting moved from a profit of £5.1m in 1981 to a loss of £36.7m in 1982, with weather losses of £20m more than in 1981 *only partially accounting for this* turnround. The market remains extremely competitive, but the company is maintaining its firm stance on the need for realistic pricing especially in the commercial and industrial markets.

Results improved in Australia following similar remedial action to that taken in Canada, with underwriting losses cut from £21.1m to £7.9m and the account showing a pre-tax profit of £1.5m against a loss of £13.3m. Again this recovery has been achieved at the expense of some loss of business.

Experience in the Netherlands *showed a worsening position* in all lines except engineering. There was an improvement in the majority of other territories but this was offset by a marked deterioration in many other European countries.

Datastream plans to seek full Stock Exchange listing

BY RAY MAUGHAN

DATASTREAM, the computer-based financial information services group, is preparing to come to the stock market with a full quote in the next few weeks.

The listing is being sought because the major institutional investors which joined the consortium to buy Datastream from Hoare & Co now wish to realise part of their holdings and to put a value on the company.

The group is headed by Mr Paul Bosonnet, finance director of BOC Group, the industrial gases, medical products and carbon graphite manufacturer, which currently holds 40 per cent of the equity.

Other leading investors include Commercial Union, Prudential Assurance and the Touche Remnant stable of investment trusts. Lazards, the merchant bank which is handling the issue, holds about 10 per cent. Brokers to the issue will be Cazenove & Co.

Datastream should be well enough known to potential investors since most leading stockbroking firms and institutional fund managements subscribe to the group's growing list of services.

Although Datastream has a well established clientele in the Netherlands, a developing base in Switzerland and a fledgling operation in West Germany, the business is almost exclusively concentrated on the London financial markets and their participants.

The core of the research has traditionally comprised stock market statistical information but the coverage has been widened recently to embrace economic data, and currencies.

To the basic stock market service, Datastream has also added graphic display systems, financial futures, investment accounting and fixed interest research.

Client terminals are connected by British Telecom landlines to Datastream's central computer, to which it is now installing the new Rank Xerox laser system.

Mr Tony Helman, the managing director, estimates that some 400 terminals are now installed in clients' offices – major clients require several terminals – and installations are rising at about 10 to 15 per cent annually.

Profits have grown from £250,000 before tax to £940,000 between 1977 and June 30 last year, taking in one shortfall during 1980 of £40,000 after the dislocation of moving headquarters.

Growth has stemmed in large part from the new graphics services and rising demand from fund managements for the investment accounting services, which provides *fully automated portfolio double* entry book-keeping, printed statutory reports and on-line management information.

The London International Financial Futures Exchange is another avenue of potential growth and Datastream already has 20 orders for its financial futures system. It remains to be seen, however, how this market builds up. For the future Datastream sees increasing link-ups with clients existing computer networks.

WestAvon gears trust to U.S.

By Charles Batchelor

WESTAVON Securities, a Bristol-based licensed securities dealer, yesterday launched a unit trust geared to the U.S. traded options markets.

WestAvon hopes that its Guernsey U.S. Dollar Option Fund, claimed to be the first of its kind established outside the U.S., will achieve an early subscription level of $5m.

In September the company launched the first unit trust geared to the London traded options market and this has since attracted nearly £800,000 of funds, said Mr John Funnell, a director.

The U.S. fund will employ two strategies, both aimed at *maximising* capital growth and achieving a low level of income.

The first involves purchasing the underlying stock and writing, or selling, a corresponding number of call options

The second strategy involves the fund's buying U.S. treasury bills and writing, or selling, put options.

Woolworth to close catalogue chain

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

WOOLWORTH Holdings is to close its 45-strong Shoppers World discount catalogue chain next month with the loss of more than 500 jobs.

The move is the latest attempt by the financial consortium which acquired the ailing Woolworth chain last autumn to revive the store group's fortunes by cutting out unprofitable activities.

A month ago the company shed a further 550 jobs by slimming down its regional operating structure and its buying departments.

The decision to close down the Shoppers World operation came after a review of its trading position. This revealed that Woolworth's would require too much investment and management resources to make the operation profitable.

Shoppers World was set up in the UK in 1977 and was based on the catalogue showrooms sector in *North America and specifically on* similar Woolworth operations in the U.S. and Canada.

The concept differs from normal retail outlets in that the range of goods for sale is not extensively displayed. Instead, shoppers choose the items from a catalogue and these are retrieved from stockrooms. The advantage is that the costs of displaying merchandise are sharply reduced.

The only other company to have *successfully adopted* this style of operation in the UK is the Argos chain, part of BAT Industries. Argos was set up in the early 1970s by *Mr Richard Tompkins*, the founder of the Green Shield Stamps trading empire.

Woolworth has not yet decided whether to try to sell Shoppers World chain as a group or in parts. Of the 45 outlets 17 are located in Woolworth stores and the remaining 28 stand alone. About a quarter of the independent units are freehold sites.

Woolworth has had a few inquiries about the Shoppers World sites, including one from Argos which was interested in the Kensington High Street site in London, but has had no firm offers.

RESULTS IN BRIEF

■ ANGLO-INTERNATIONAL
Investment Trust

Year to Dec 31	1982	1981
	£	£
Pre-tax revenue	–	–
Tax	198,449	165,757
Dividend	5.9p	–
NAV per share	–	–

■ HEYWOOD WILLIAMS GROUP
Aluminium extrusion and glass

Year to Dec 31	1982	1981
	£	£
Sales	33.1m	31.49m
Pre-tax profit	847,000	247,000
Tax	113,000	14,000
Attributable profit	881,000	172,000
Earnings per share	8.7p	2.7p
Dividend	3p	1p

■ RAINE INDUSTRIES
Estate developer, engineering and insurance

Half-year to Dec 31	1982	1981
	£	£
Sales	8.27m	5.69m
Pre-tax profit	241,000	68,000
Tax	11,000	2,000
Attributable profit	–	–
Earnings per share	1.265p	0.364p
Dividend	0.17p	0.1

McDonald's buys out UK franchise holder

BY PAUL TAYLOR IN NEW YORK

McDONALD'S, the U.S.-based company that operates the world's largest chain of fast-food restaurants, has agreed to acquire the remaining 55 per cent of the shares in its UK joint venture franchise holder, McDonald's Golden Arches Restaurant.

Golden Arches is ranked about fourth out of McDonald's overseas operations; after Canada, Japan and West Germany. Its sales last year were $117m from 101 restaurants, and it plans to open a further 32 this year.

Until now, McDonald's has held 45 per cent of the equity in Golden Arches. The joint venture agreement is due to expire this year and the restaurants will continue to be run by the UK management, which owns the remaining 55 per cent of Golden Arches. Terms of the acquisition have not been disclosed.

McDonald's currently has 7,259 outlets in 31 countries.

UK COMPANY NEWS

GROUP SALES ADVANCE 8% IN FINAL QUARTER

Unilever lifts earnings in year

BY OUR FINANCIAL STAFF

HIGHER FOURTH quarter pre-tax profits of £157.8m, against £140.7m last time, left Unilever to end 1982 with £722.6m, a rise of £13.4m on the previous year. Combined group sales increased from £11.89bn to £13.22bn for the 12 months.

In the final quarter of 1982, total sales of the Anglo-Dutch group, which has interests in food, detergents and industrial products, was 8 per cent better than in the corresponding period last year. After allowing for disposals and acquisitions and for the change in year end et UAC Internatiooal, sales volume was just below 1981.

Operating profits were 13 per cent below the corresponding quarter of 1981, mainly because of the high level of restructuring costs – the principal item was the provision for the closure of the Thames Board factory et Warrington, which has already been announced.

Full year operating profits were up £4.5m to £709m. These were struck before associate contributions of £53.8m (£55.2m) and income from trade investments of (£2.4m), while interest charges were down from £52.9m to £44.2m. The tax charge increased from £314.3m to £333.7m but there were also credits of £13.1m (£21.7m) from tax adjustments for previous years. After deducting minorities and preference dividends, amounting to £31.2m (£25.1m), attributable group profits were £20.7m lower at £370.8m, of which £176.6m (£198.2m) was attributable to Unilever PLC.

Combined earnings per share showed e reduction from 105.39p to 99.82p. Unilever PLC however, is paying an increased final dividend of 18.87p (16.91p) net for a higher total of 28.83p (26.87p) per 25p share, while the Unilever NV final is a same-again Fl 7.6 for an unchanged Fl 12.04 total.

A geographical analysis of group operating profits shows: EEC countries £264m (£312m); other European countries £64m (£66m); North America £106m (£76m); Central and South America £45m (£49m); Africa £95m (£79m); and Asia, Australia and New Zealand £135m (£123m).

In Europe, the group's edible fats and detergents business had e good final quarter Profits of other consumer businesses however, were disappointing. Results of chemicals and transport activities were better, but those of paper, plastics and packaging were significantly worse than last year.

Greatly improved profits, in total, were made in North America, but increasingly difficult trading conditions in Nigeria had a severe effect oo UAC's results.

Elsewhere, outside Europe and North America, total results were higher than in the corresponding quarter of 1981.

For 1983, the directors believe that the company must plan on the basis that no significant improvement in ecooomic conditions will take place. This, they believe, is a prudent course and will make sure that Unilever remains lean and cost conscious.

It does not mean, however, that the company's growth will be zero and all group companies and managements will be seeking growth. The directors say they know this means low cost production, distribution and also innovation.

Looking at the current year, Mr Kenneth Durham, the chairman, said that be was "quietly confident," but not complacent.

He expected the group again to obtain volome growth this year. Mr Durham was also seeking further improvements in productivity of the order of 5 per cent.

An important factor for Unilever in 1982 was the turnround at Lever Brothers in the U.S. The chairman indicated yesterday that in local terms, Lever Brothers was possibly at break-even point after a negligible loss io group terms last year and significant losses in 1981.

The halance sheet is expected to show a strooger position with an improvement of some £50m to £100m in net liquid fuods. Because of increased liquid funds and lower interest rates, total interest charges in 1982 were appreciably lower. Raw material prices remained low in general.

In curreot cost terms, the year's pre-tax profits were £494.7m (£495m).

Fisons at £21m as recovery continues

BY CARLA RAPOPORT IN LONDON

FISONS, the pharmaceuticals and chemicals group, has reported a healthy recovery in profits and has asked shareholders for nearly £28m by way of e one-for-five rights issue.

The company's sales fell from £494.4m to £350.5m in 1982, largely as e result of Fisons selling its fertiliser business last year. Pre-tax profits surged from £9.3m to £21.1m, aided by the elimination of losses from fertilisers and a strong performance from the company's pharmaceutical division.

The company's shares responded sharply to the oews, jumping 73p in the day to close at 536p.

Fison's pharmaceutical division lifted profits from £14.9m to £19.4m last year on sales which advanced from £109.8m to £126.4m. Growing sales of the company's anti-asthma drugs fuelled much of this growth.

"We have recovered from e sharp fall in profits, after two years of looking at every aspect of our operetions, and in some cases challenging what was the traditional core of Fison's business, said Mr J.S. Kerridge, Fisons' chief executive yesterday.

A major part of that traditional core had been Fisons' fertiliser division, which it sold to Norsk Hydro last year for £59m. An additional write-down oo this disposal has been included in the 1982 accounts, which with reorganisation costs of £980,000, resulted in an extraordinary debit of £3.8m in 1982.

The rights issue, which was pitched at 385p, is Fison's first since 1976. The company aims to use e portion of the money to reduce its debt, which at the year-end was about £79m. Shareholders' funds, excluding good will, were about £116m at year-end.

The company will apply the new money towards e £5.5m expansion of production facilities in its pharmaceutical business. Remaining funds will be used to finance further acquisitions for the group, possibly in the U.S.

Better than expected at Barker & Dobson

BY OUR FINANCIAL STAFF

BETTER than anticipated preliminary results were achieved by the Barker & Dobsoo Group, confectionery maker, for the 40 weeks to end-December 1982.

At the annual meeting last November, wheo it was revealed that the year-end was to change to December 31, the chairman anticipeted that profits for the nine mooths would approach the £416,000 returned for the 12 months to March 31 1982.

In the event they rose to £511,000 pre-tax, oo sales of £37.88m, compared with £38.31m. Confectionery sales totalled £14.26m (£18.53m) and those for retail £24.04m (£10.22m).

In e statement accompanying the results the directors point out that although the Liverpool factory will not have ceased production until the end of this mooth, it was thought prudent to provide for the whole of the closure costs (£1.75m) up to that date.

They add thet they are confideot that the estimeted benefits – about £750,000 a year – arising from the concentratioo of production are "such as to justify the write-off coosequent upoo closure."

The directors say the scheme epproved by shareholders in January this year, involving the issue of convertible unsecures loan stock, was so successful that about 95 per cent of the £879,000 of stock issued has been converted into shares by employees.

The conversioo has reduced the anticipated cash requirements in respect of redundancy payments to £211,000 gross, compared with the requirement over six years of £951,000 gross that otherwise would have arisen

At the trading level profits for the 40 weeks emerged at £1.11m (£996,000 for year)

Stated earnings a 1p share for the 40 weeks was 0.42p (0.34p) or 0.38p after loan stock conversion.

CONTRACTS AND TENDERS

NOTICE OF INTERNATIONAL INVITATION TO TENDER

Financed by the AFRICAN DEVELOPMENT BANK (BAD) of Abidjan, the Department of Transport and Communications of the Republic of Zaïre, represented by l'Office National des Transports "ONATRA" invites international tenders for the supply of:

– railway materials	(Tender invitation 1387 - f2)
– two 20-ton tip-lorries	(Tender invitation 1410 - f2)
– two light trucks	(Tender invitation 1411 - f2)
– additives and epoxy	(Tender invitation 1412 - f2)
– prefabrication materials	(Tender invitation 1413 - f2)
– four concrete-mixers	(Tender invitation 1414 - f2)
– six dumpers	(Tender invitation 1415 - f2)
– concrete batching and mixing plant	(Tender invitation 1416 - f2)
– concrete irons, steel sections and various accessories.	(Tender invitation 1417 - f2)

Applications will be accepted from all technically competent firms from BIRD member countries, Switzerland and Taiwan.
Applications from companies of the Republic of South Africa, however, will not be considered.
Interested firms can obtain the necessary documents relating to their chosen tender, together with a copy of the ONATRA "Specifications", by applying to:
La Direction des Approvisionnements de l'Office National des Transports au Zaïre (ONATRA)
Boulevard du 30 juin, 177 - B.P. 98 à Kinshasa,
upon apyment of the sum of four-hundred zaires per document:
OR to:
La Société Générale des Minerais, Division Zaïre,
Rue de la Chancellerie, 1 - B-1000 Bruxelles,
on payment of three thousand five-hundred Belgian francs per document applied for, to A/c No. 603-2461692-70 at the Belgolaise Bank, 1 Cantersteen, Brussels, stipulating the tender invitation and number.
The deadline for receipt of all the above-mentioned tenders is: 3 p.m. on Thursday 31st March 1983 (Kinshasa local time). They must be submitted in the form laid down in the invitation to Tender, enclosed in a double sealed package, to:
Office National des Transports,
Président de la Commission des Adjudications,
Building ONATRA, 7è étage - local 707,
Boulevard du 30 juin, 177 - B.P. 98, Kinshasa 1 - Zaïre.
The package, which shall bear no name or other mark indicating the tenderer shall, in addition to the above-mentioned address, bear the subject and number of the tender concerned. Tenders can also be handed to the chairman at the commencement of the Opening Session.
The public Opening Sessions, which tenderers can attend, will be held at: La Salle de Conférences de la Direction Générale, Building ONATRA, 7è étage - local 711 - Boulevard du 30 juin 177 - Kinshasa, at S p.m. on Thursday S1st March 1983 (local time).

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the One Hundred and Fifty-Eighth Ordinary General Meeting of the Stockholders of the Company will be held at the Principal Office of the Company, Blackwell House, Aldenham Road, Watford on Thursday, 24th March, 1983 at 12.30 p.m. for the following purposes:

1. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st December, 1982.
2. To confirm and declare dividends.
3. To re-elect Mr. John M. Haseldine a director of the Company.
4. To re-elect Mr Michael S. Ross Collins a director of the Company.
5. To elect Mr Arthur John Page a director of the Company.
6. To increase the Directors' Fees to a total of £26,600 per annum.
7. To authorise the directors to fix the remuneration of the auditors.

Dated this 2nd day of March, 1985.
By Order of the Board.
W. A. COSGROVE, Secretary.

NOTICE IS HEREBY GIVEN that a Special Meeting of the Stockholders of The Colne Valley Water Company will be held at the Principal Office of the Company at Blackwell House, Aldenham Road, Watford on Thursday, 24th March 1985 at 12.30 p.m. (or so soon thereafter as the Ordinary General Meeting of the Company convened for that day shall have been concluded) for the purpose of considering and, if thought fit, passing the following Resolution:

"That the Directors be and are hereby authorised to apply to the Secretary of State for the Environment for an Order under the Water Act 1945 providing for

(a) an increase in the amount which the Company may raise by the issue of ordinary or preference stock, or by borrowing, to an aggregate of £30m subject to provision that the amount raised by borrowing at any time shall not exceed three times the amount then raised by the issue of ordinary or preference stock or, with the Secretary of State's consent, that amount plus 10%;
(b) an increase from £1m to £1.5m in the amount which the Company may borrow temporarily for defraying expenses pending the receipt of revenue;
(c) an increase from 12½% to 25% of total capital expenditure in the amount which may be held in the Company's reserve and contingency funds and from 1¼% to 2½% of that total in the annual amount which may be credited to those funds;
(d) an increase in the sum which may be carried forward in the Company's profit and loss account in any year by including amounts in respect of tax payable on dividends."

NOTICE IS ALSO HEREBY GIVEN that an Extraordinary General Meeting of the Stockholders of The Colne Valley Water Company will be held at the conclusion of the business of the foregoing Special Meeting for the following purpose, namely:

"To authorise the Directors to exercise the capital and borrowing powers which may be authorised by the Secretary of State for the Environment in pursuance of the aforesaid application."

Dated this 2nd day of March, 1985
W. A. COSGROVE, Secretary.

Blackwall House,
Aldenham Road,
Watford,
Hertfordshire WD2 2EY.

SWISS BANK CORPORATION (OVERSEAS) S.A., PANAMA

NOTICE TO HOLDERS OF THE 6¼% US$ CONVERTIBLE BONDS 1980-90

The Board of Directors of Swiss Bank Corporation, Basle (SBC) decided at its meeting March 1, 1983 to grant one Warrant (Option) to each holder of one Share or one Bearer Participation Certificate (BPC) of SBC.

25 Warrants (Options) shall entitle the holder to purchase at any time from July 1, 1983 up to and including December 20, 1984, one BPC of SBC in the nominal amount of Sfr. 100 at a purchase price of Sfr. 100.—.

BPCs acquired pursuant to the purchase right shall be entitled to dividends for the fiscal year following the year in which they were exercised.

In connection with this transaction the holders of the 6¼% US$ Convertible Bonds 1980-90 of Swiss Bank Corporation (Overseas) S.A. should note that

(a) the conversion into BPCs cum purchase right can take place up to March 21, 1983;
(b) the conversion right will not be exercisable during the period from March 22, 1983 up to and including April 15, 1983;
(c) the conversion price will be reduced on April 18, 1983 according to the formula of art. 5nt of the terms and conditions of the Bonds, based on the average of the last paid prices of the Warrant (Option) on all trading days from March 31 up to and including April 15, 1983

Panama, March 2, 1983
SWISS BANK CORPORATION (OVERSEAS) S.A.

PERSONAL

FACT

1 IN 5 OF THE PEOPLE registered blind eacb year under the age of 65 go blind because of it—

DIABETES

Join us — Help us Support us

BRITISH DIABETIC ASSOCIATION
10 Queen Anne Street
London W1M 0BD

MOTOR CARS

BRISTOL 411. Fine original condition. "H" reg. Claret. £6,000. 01-586 5350.
MALTIN WANT PORSCHES, all models. Official Porsche centre. Tel: Henley (04912) 76111.

ART GALLERIES

ACHIM MOELLER LTD., 8, Grosvenor Street, London, W1. (01-493 7611) 1010, Fifth Avenue, New York, NY 10028. (212-988 8483.) European and American Masters of the 19th and 20th Centuries.

BROWSE & DARBY, 10, Cork St., W1. 01-734 7984. FRENCH & BRITISH Paintings, Drawings & Sculpture.

FIELDBORNE, 63, Queens Grove, NW8. 01-586 3600. HARRIET LASSALLE American Journey.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. CONTEMPORARY PAINTINGS ON VIEW. Mon.-Fri. 10-5 and Sats. 10-12.45.

NATIONAL SOC. PAINTERS, SCULPTORS & PRINTMAKERS at the Mall Galleries, The Mall, SW1. Daily inc. Suns. 10-5. Adm. 50p. Until 8 March.

THACKERAY GALLERY, 18 Thackeray St., Kensington Sq., W8. 01-937 5883. DONALD BLAKE. Until 18 March.

RESIDENTIAL PROPERTY

AMERICAN EXECUTIVES

seek luxury furnished flats or houses up to £350 per week. Usual fees required.

Phillips Kay & Lewis
01-839 2245
Telex: 27846 RESIDE G

5% Bond Loan 1978 due 1983/88 of US$30,000,000

NATIONALE-NEDERLANDEN FINANCE CORPORATION (CURAÇAO) N.V.

According to article 4 of the trust agreement the first redemption should take place on the 15th June 1985. However the debtor has used the possibility in conformity with article 5 of the trust deed for mandatory redemption to surrender to the trustee 5,000 bonds of US$1,000. As a consequence the drawing of bonds for future redemptions will take place individually instead of by groups.

The Trustee:
AMSTERDAMSCH TRUSTEE'S KANTOOR B.V.
Amsterdam, 25 February 1985

THE TOR INVESTMENT TRUST, PLC
NOTICE IS HEREBY GIVEN THAT the Registers of the Preference Shares and Income Shares will be CLOSED from 18th to 30th March 1983 inclusive.
By Order of the Board.
J. TODD, Secretary.

LEGAL NOTICES

MASTBID LIMITED

Thomas Cooper and Stibbard of 27, Leadenhall Street, London, EC3A 1AB, hereby give notice that they do not in any way guarantee any of the obligations, debts or the solvency of Mastbid Ltd, they are merely the registered office of Mastbid Ltd. They do not thereby imply any comment on the creditworthiness of Mastbid Ltd.

PUBLIC NOTICES

COMPETITION ACT 1980 NOTICE UNDER SECTION 3 (2) (a)

Essex County Newspapers Limited

Under section 3 of the Competition Act 1980 the Director General of Fair Trading is to investigate whether Essex County Newspapers (ECN) has been or is pursuing a course of conduct which amounts to an anti-competitive practice.
The matters to be investigated are the policies and practices applied by ECN in deciding whether to supply advertising space in newspapers published or distributed in the Colchester area by ECN to persons engaged in the supply of property advertising services and of house agency services and whether the application of such policies and practices or any of them is a course of conduct which amounts to an anti-competitive practice.
The goods and services to which the investigation relates are newspapers, the provision of advertising space in newspapers, property advertising services and the provision of house agency services.
For the purpose of this notice, newspapers include publications which consist wholly or partly of advertisements.
If you have any information which you consider would help the Director General, please write to:

OFFICE OF FAIR TRADING
Branch CP4, Chancery House
53 Chancery Lane
London WC2A 1SP

Your letter should arrive as soon as possible if it is to be taken into account in the inquiry.

BARNSLEY METROPOLITAN BOROUGH COUNCIL
£2,750,000 Bills issued Wednesday 2nd March 1983 at a rate of 10¼% to mature 1st June 1983. Total applications £13,750,000. there were £5,500,000 outstanding.

CITY OF MANCHESTER
Tenders totalling £142¼m were received for £28¼m Bills issued on 2.3.83 maturing on 1.6.83. The highest rate accepted was 10[illegible]% p.a.

SOUTHEND ON SEA BOROUGH COUNCIL
£900,000 Bills issued Wednesday 2nd March 1983 at a rate of 10[illegible]% to mature 1st June 1983. Total applications were £900,000. there were £900,000 outstanding.

STRATHCLYDE REGIONAL COUNCIL
£9,000,000 Bills issued Wednesday 2nd March 1983 at a rate of 10[illegible]% to mature 1st June 1983. Total applications were £83,000,000, there were £36,000,000 outstanding.

"HOLDING STEADY UNDER DIFFICULT CONDITIONS"

Mr. Kenneth Durham, Chairman of Unilever PLC, comments on the 1982 Provisional Results.

Unilever held steady in 1982 under difficult world conditions.

When we reviewed 1981 we said that 1982 would be a difficult year for business and for Unilever, and so it has proved. In many ways, developments during 1982 were even more unfavourable then we had imagined. The industrialised world remained in the economic doldrums and there was e significent decline in growth in developing countries. In a number of countries consumer expenditure wes down, though perhaps relatively less for the types of products that we sell. Unemployment rose rapidly, particularly among young people notebly in the countries of Western Europe and also in North America.

A number of developing countries have severe balance of payments and debt service problems. Severel countries imposed or tightened price end wege controls. The volume of world trade in 1982 actually declined as imports were restricted. The rapid increase in unemployment, and a slackening of demand with the consequent accelerating structural changes in international competition, produced in 1982 a new and dangerous surge towards protectionism throughout the world.

On the other hand, there were some more encouraging signs. Inflation rates have fallen quite significantly, especially in Europe, where the average rate weighted in relation to Unilever sales was 8.3% during 1982 compared with 10% during 1981. Inflation also fell sharply in the United States. Interest rates have been tending downwards and have fallen merkedly since the summer, although they remain high in real terms. The governments of a number of countries heve shown a welcome realisation of the need to improve conditions for business enterprise, and salary and wage increases have also been moderate.

Unilever in 1982

At comparable rates of exchange our total sales value for the full year increased by 5%. However our operating profit was down by 4%, mainly because restructuring costs were higher than in previous years. The actuel volume of our sales remained unchanged from 1981.

In our consumer businesses in Europe, Frozen Products and Personal Products improved their profit but Edible Fats and Other Food & Drinks together with Detergents had lower results than in 1981. Many of our industrial businesses did better than expected, given the extent of recession and results from Chemicals and Transport were higher in 1982 then in 1981. Unfortunately, our Paper, Plastics & Packaging businesses were in substantial loss.

In our overseas territories outside Europe and North America our results improved, although the growth in sales volume slowed down.

The performance of our business in the United States was encouraging in spite of the fact that the hoped for recovery in the US economy in the second half of 1982 failed to appear. In general both volume and price increases were hard to get. In spite of these difficulties, our North American companies produced an operating profit considerably higher then in 1981.

Particular features in 1982

While the economic situation produced difficulties for all companies, there were one or two particular features that affected our results in 1982.

Lever Bros USA

In particular, the Lever Brothers Company, which has been e source of some difficulty progressed considerably during 1982. We are now beginning to see in this company the fruits of major investment and of e more aggressive stance towards our major competitors.

Our key brands in the detergent business all gained market share, and our excellent toilet soap "Dove" reached joint leadership in the toilet soap market. The Foods Division of Lever has begun to rebuild its share in margarine and is ahead of plan in spite of bearing heavy costs of closing the Los Angeles factory.

Although our Personal Products Division taced intense competitive pressure in the toothpaste market, it was still able to launch "Impulse" (a body perfume) with great success, and hopes to reinforce that with a major new entry into the hair shampoo and conditioning market.

As an indication of our confidence in the continued recovery of Lever, and of the importance we attach to the American market, we are making substantial investments in the Research and Development activities of the company.

Nigeria

UACI holds 40% of United Africe Company of Nigeria and through it manufactures e variety of goods, as well as exporting from its main European Divisions to Nigeria. The economic crisis in that country has resulted in e very much lower level of industrial activity, and since UACN and its associates comprise e large part of UACI, the cutback in the Nigerian economy is having a substantial effect on its results.

We also manufacture detergents, edible fats products, end personal products through Lever Brothers Nigerie. This company has not yet been adversely affected by the Nigerian economic recession.

While we have been investing in Nigeria over the past years, we have also been taking steps to make sure that our operations there are slim and etticient. We feel confident that, in the long term, Nigeria will again be an important and profitable country for Unilever.

John West

As e result of a tragic accident in Belgium involving a can of salmon marketed by John West, sales of salmon from Alesken and Canadien canneries were stopped in several countries. As a result the sales of John West and others suffered severely.

Extensive investigations were undertaken in which John West and Unilever Research played e leading role. During this period a stringent checking procedure for all canned stocks was developed and agreed with the Health Authorities and in August sales of North American canned salmon were resumed in the United Kingdom, Australia and a number of other countries. The United States and Canedian euthorities have instigated new controls for future supplies of canned salmon end the rigorous quality controls already operated by John West have been further developed.

Paper, plastics & packaging

Our packaging businesses, particularly in the United Kingdom, have had e very difficult year. In spite of restructuring which has gone on over the past few years particularly in Thames Board, we are still incurring considerable losses. We have recently announced the intended closure of our Warrington board mill and this wes a heavy cost to take in 1982. In addition, we have been commissioning the huge duplex board mill at Workington end this has involved us in heavy start-up and commissioning costs. The Workington boerd mill, which cost about £90 million is the most efficient of its kind in Europe. Unfortunately we suffer still from imports from countries with cheap energy supplies and with the advantage of competitive devaluations of their currencies. Nevertheless, the investment at Workington will eventually give us a competitive edge and bring us into profitability.

New products

In spite of all difficulties, we maintained our European Research activity in reel terms and even increased it in the USA. This will give us the basis for the new and improved products of the future.

We also continued with new product launches in many areas of the world, and used our international marketing skills to introduce to new markets those products that had been successful in others. "Impulse", originally developed in an overseas country, is now in 28 countries in Western Europe and the USA. "Krona" or its equivalent is in several new markets and is being tested in others. Our liquid scourer "Jif" – already successful in Europe – is being launched in Japan.

We have also moved into new product areas. For exemple we are selling sophisticated medical diagnostic aids based on microbiological systems and on immunological systems using monoclonal antibodies.

Productivity

We have borne considerable restructuring expenses in 1982. Although these are shown simply as a cost, we regard them essentielly es a form of investment designed to ensure future improvements in profits. Investments in restructuring are an on-going feature of our business, and the effect of previous years actions can be assessed from the fact that in spite of having no growth in volume, our productivity again increased by 5% in 1982. We continue to concentrate on all elements of our activities whether they be factories, offices or distribution systems to ensure that our costs are as low as possible. This continuous drive for increased productivity is a vital element in the future prosperity of the business.

The future

For 1983 we must plan on the basis that no significant improvement in economic conditions will take place. This is a prudent course and will make sure that we remain lean and cost conscious. *But* it does not mean that our growth will be zero and all our companies and their managements will be seeking aggressively for growth. They know thet this means low cost production and distribution and it means innovation. They are equipped for both.

And so, while we are not complacent, we are quietly confident.

Unilever

BIDS AND DEALS

Ronson trademarks sold for a 'substantial' sum

BY DAVID DODWELL

ARTHUR ANDERSEN, receiver to Ronson International, yesterday announced that it has sold "for a substantial sum" the trademarks used by Ronson on its cigarette lighters.

The announcement at the same time acknowledged defeat in efforts to find a buyer for the entire business of Ronson as a going concern.

Mr Clive Sherling, joint receiver for the company, said Andersen had "no option but to sell packages of assets at the best available price."

The UK trademarks of Ronson have been sold to Alfred Preedy and Sons, the wholesale and retail tobacconists. Overseas trademarks have been sold to Ronson (Exports), o company set up in June last year by Mr Jeffrey Port, former Ronson International chairman.

Ronson International was in July last year put into receivership for the second time. In September 1981 it bad been rescued by Mr Jeffrey Port through Cavwain, a company of which he was chairman.

Sinre July, receiver Arthur Andersen bas been tryiog—in vain—to dispose of the entire copany. Various purchasers have been in discussions—including Dixons ,the High Street photographic chain. But the purchase price sought by Andersen, thought to be around £3.7m, bas failed to attract a buyer.

A spokesman for Andersen said yesterday: "There comes a time when you make a judgmeot that it is not going to be possible to sell the business as a going concern. In that case, it is our statutory duty to creditors to seek the best settlemeot possible."

When first put into receivership, Ronson International employed almost 2,400 people. After substantial disposals early in 1982, Ronson now employs about 220 people in factories in the Isle of Wight and in West Chirton, Tyoc and Wear.

The receiver said yesterday that both Preedy and Ronson (Exports) had indicated they were prepared to place long-term orders with these factories, "if the goods can be produced at a competitive price."

Discussions are continuiog on the possible disposal of the two factories, and the receiver bopes to announce further details at a meeting for creditors, likely to be called towards the end of the month.

The factories currently have full order books for the coming eight weeks.

The receiver is also looking for a buyer for the trademarks for Ronson's shavers, hairdryers and electric toothbrushes.

When Ronson International was first put into receivership, debts were understood to amount to around £9m. They now stand at about half that level. The company's banker and main creditor is Standard Chartered.

Chas. Booth suspended on merger negotiations

SHARE dealing in Charles Booth, a property company recently introduced to the Unlisted Securities Market, was suspended yesterday at the company's request because of merger talks currently taking place with New England Estates.

Both companies are controlled by Hunting Gibson, the sbip owning and management company which floated Charles Booth on the USM in December.

Mr John Smith, Hunting Gibson's company secretary, said yesterday: "Somebow, the fact that there are ioformal talks between Charles Booth and New England Estates bas got arornd. As a result we thought it was best to suspend Charles Booth's quote, and distribnte a circular when the picture is elearer."

"We were hoping to do this in a much more orderly way," he added.

Charles Booth is controlled by Hunting Gibson, Hunting Associated Industries, and a Dutch mortgage bank, Freiscb-Groningsche Hypotheekbank. Each owns a 25 per cent stake in the company.

Including a 45 per cent share in a large property in St James's Street in London, Booth has assets in the region of £2.2m. In the six months to June 30 last year it reported a pre-tax loss of £58,000.

New England Estates, a property compaoy with assets more substantial than those of Booth, is controlled in exactly the same way as Booth. Merger would therefore involve a substantial injection of properties into the company. Control is oot expected to be altered by the reorganisation.

From a flotation price of between 12p and 15p, Charles Booth was suspended with potential buyers bidding around 18½p, according to brokers Robert Wigram.

F. W. WOOLWORTH

Woolworth Holdings intends to acquire compulsorily, after March 25, any outstanding shares in F.W. Woolworth for cash.

Both cash or the share and loan stock alternative offers remain open for acceptance until that date.

No ordinary or deferred shares of F.W. Woolworth were held by Woolworth Holdings before the offer period and except for acceptances under the offers, no ordinary or deferred shares have been acquired by Woolworth Holdings.

To date, acceptances have been received in respect of 370,608,254 ordinary shares and deferred shares (97.9 per cent).

TURNER & NEWALL

At a meeting of the holders of Turner & Newall 8 per ceot unsecured loan stocks 1987/92, 10.1 per cent unsecured loan stock 1990/95 and 11¾ per cent unsecured loan stocks 1995/2000, modifications to the trust deed were approved. New arrangements wbich have been agreed with the company's bankers in the UK and were announced oo February 4 1983 will now be implemented.

MONTHLY AVERAGES OF STOCK INDICES

—	February	January	December	Nov.
Financial Times				
Government Securities	78.66	78.68	79.37	83.14
Fixed Interest	80.41	80.51	81.51	85.20
Industrial Ordinary	646.5	613.6	599.8	618.7
Gold Mines	681.7	628.7	613.5	397.1
Total Bargains	24,748	22,966	19,427	25,660
F.T.—Actuaries				
Industrial Group	412.98	399.95	393.18	400.1
500 Share	438.33	427.61	419.66	427.59
Financial Group	299.24	278.80	266.45	263.21
All-Share (750)	404.79	391.50	379.40	383.85

	High	Low
Industrial Ordinary	662.5 (11th)	628.4 (1st)
All-Share	413.08 (11th)	396.17 (1st)

COSALT

The directors of Cosalt say that two acquisitions bad been made on behalf of the Stockport-based Cosalt refrigeration and air conditioning division.

Oo January 21 the Leeds branch of H. W. Nicholson of Manchester was acouired and will trade as Cosalt Nicholson, Leeds. Its main business is the design and installation of refrigeration and cateriog equipmeot for commercial kitchens.

With effect from March 9, Cosalt is also to acquire Lawton Sheet Metal Company of Oldham from the two Lawton brothers who will continue to manage the business.

RECKITT & COLMAN

Negotiations for the sale of Widmer Wine Cellars Inc, a subsidiary of Reckitt and Colman's RT French, to a group of Investors headed by Mr Charles Hetterich, president of Widmer, have now been completed. The sale price was U.S.$5.65m.

NEWMAN INDS.

Newman Industries bas completed the sale of a group of compaoies to Heathcote March.

These consist of Flexible Drives (Gilmans), Compacting Equipmeot (Manufacturing) and Flexible Sbaft and Cover (Manufacturing).

GA IN FRANCE

The insurance business in Franre of General Accident Fire and Life Assurance Corporation is now to operate under the GA name. Since 1968 when it merged with GA, the Yorkshire Insurance Compaoy bas conducted the business io France.

COTSWOLD BLDGS.

Cotswold Buildings of Standlake, near Oxford, bas taken over the business of Lewes Road Sawmills of Lewes, Sussex.

Owned until now by Burt Boulton (Timber), LRS produces an extensive range of wooden garden buildings, home additions aod poultry bouses which it sells through agents and also througb its Garden Pride Discouot Centres in south-east England.

Cotswold manufactures a large range of garages, carports, sheds, summerhouses and greenhouses, and has over 40 showcentres located throughout the UK.

MINORIES EXPANDS

Mioories, which is based in the north east, has taken over J. S. Robinson (Ponteland). An Austio-Rover franchise is held by the Ponteland company.

Mioories owns more than 20 garages holding 13 major franchises in the Tyne Tees and Wear areas.

The deal includes all the shares and the freebold of premises comprising showroom, workshop, filling station and ancillary services.

MINING NEWS

Peko-Wallsend stages a return to profits

BY KENNETH MARSTON, MINING EDITOR

WHILE the market for Australian mining issues is bedevilled by political and economic uncertainties at home, let alone those abroad, the latest half year results from Peko-Wallsend provide some welcome relief.

Lachlan Drummond reports from Sydney that the Australian mining and industrial group has returned to profits in the first half of the current year to June 30, earning A$6.11m (£3.85m) against a loss of A$1.2m a year ago. The total loss for 1981-82 was A$13.2m.

Peko says that it expects to trade profitably in the second half when the payment of a dividend will be considered. For the previous year the company paid an interim of 1.5 cents but omitted its final for the first time in a decade.

The latest half year results have been given a boost by the 30.5 per cent-owned Energy Resources of Australia which runs the Ranger uranium mine. This bas provided A$6.92m compared with A$2.5m o year ago.

Of Peko's mining interests, profits at the Tennant Creek operations have risen in line with the higher gold prire ond better performance at the Warrego mine. The mineral sands operations made a profit but the scheelite (tungsten ore) and copper activities suffered losses.

On the other hand, most of the industrial interests were profitable. They include scrap metals, batteries, slurry pumps and agricultural equipment.

● There has olso been some improvement at the long-suffering Seltrust Holdings which is 75.3 per cent-owned by British Petroleum. Thonks to a better performance by the Teutonic Bore zinc-copper-silver mine in its first full year of operation Seltrust bas reduced its loss for 1982 to A$5.34m from A$15.8m.

In fact, there was a profit of A$8.6m *before* the heavy depreciation provision of A$14.9m which reflects the sbort life of Teutonic Bore. This is about six years in the absence of new ore finds.

But the main problem for Seltrust remains its 60 per cent-owned Agnew nickel mine. This continued to lose money as a result of depressed metal prices which outweighed the effects of lower operating costs and gains from smoother production and the fall in value of the Australian dollar against the U.S. dollar in which nickel is priced.

Malaysian copper complex?

A COPPER smelting and fabrication plant, estimated to cost up to U.S.$530m (£350m) is beiog coosidered by the Pahang State in Malaysia as part of an integrated project to exploit a large copper deposit there, reports Wong Sulong from Kuala Lumpur.

If the feasibility study, currently being carried out by Malaysia Mining Corporation (MMC), recommends the project the possible partners would be MMC, the Heavy Industries Corporation of Malaysia (Hicom) aod the Pahang State Government.

Datuk Najib Tun Razak, Pahang's Chief Minister, who discussed the project yesterday with Datuk Paul Leong, the federal Minister of Primary Industries, said that for it to be viable additional copper concentrates would hove to be imported from the east Malaysian state of Sabah as well as Indonesia and Papua New Guinea.

The Pahang copper deposit, discovered near Pekan Sri Jaya five years ago, is believed to be fairly large. MMC is spending M$22m (£6.4m) on drilling work to ascertain the extent of the deposits.

Lac Minerals sells gold forward again

CANADA'S second largest gold producer, the Lac Minerals group, bas again hedged against gold price uncertainties by making a sizeable forward sale of its production, reports John Soganich from Toronto.

Lac has sold forward 150,000 ounces of gold at an average price of C$600 per ounre, equal to US$488 at current exchange rates, agaiost 1983 production which is expected to total 225,000 oz. In London yesterday the bullion price closed at $418½.

The hedging policy has paid off well for Lac in the past. Last year forward sales totalled 119,000 oz at the equivalent of $507, a prire which compared with $448 at the end of the year and the 1982 average of $376.

The group did even better in 1981 when it sold forward the entire production of 178,000 oz at the equivalent of $617. In that year gold averaged $457 and closed at $400.

Petaling Tin's State deal

MALAYSIA'S Petoling Tin, a member of the Singapore-based Straits Trading group, says that after several years of discussions it has reached a deal with the Selaogor State Government which will ensure the renewal of its mining leases in Kuala Langat for the next 20 years.

Under the agreement Petaling will increase its issued capital of 10.1m shares by the creation of 3m new shares which will be acquired by the state's mining arm, Kumpulan Perangsang, giviog the latter a 30 per cent stake in Petaling.

Petaling is also declaring a special interim dividend of 60 cents, less tax at 40 per cent.

Inco offering another 6m shares

CANADA'S struggling nickel giant, Inco, is to make an offering of a further 6m common shares. This follows two offerings last year, one of 6.9m shares in May and another of 6m shares in November, which raised between them U.S.$125m (£82.5m).

The share price at which the latest offering is to be mode is expected to be known in about a fortnight's time after the company's registration statement has been studied by the U.S. Securities and Exchange Commission. The new shores will raise the existing issued capital by 6.5 per cent.

Inco, which lost $204.2m last year, says that the new funds to be raised will be used to reduce bank borrowings. The shares were around $13 in New York yesterday and C$16 in Toronto.

SHARE STAKES

Wyndham Engineering—Amco Consultancy Corp. has sold 97,746 ordinary shares (16.29 per cent of the equity capital), leaving it with 29,400 (equivalent to 4.9 per cent of the capital).

Crouch Group—Garran Rawlins has acquired 20,000 ordinary shares and now holds, together with its two directors, 360,000 ordinary shares, representing 9 per cent of its issued sbare capital.

British Dredging — Following *further purchases* the *total of* ordinary shares now owned by Colguy Holdings is 3,405,781 representing 20.6 per cent of the issued share capital.

Brammer—Mr J. E. Head has sold 40,000 ordinary shares beneficially held at a price of 105p each. His sbare bolding is now 225,085.

Hanover Investment—Mr C. C. Redstone, a director, and bis wife bave sold 40,000 ordinary shares.

Coslain Group—Mr A. D. Hutchinson, a director, has disposed of 25,000 ordinary shares at a price of 202p each.

The Stock Conversion and Investment Trust—Mr Joseph Levy, a director, has disposed of a *non-beneficial interest* in 100,000 ordinary shares. Mr James W. Wisbart, a director, has disposed of a non-beneficial interest of 100,000 ordinary shares.

River Plate & General Investment—River & Mercantila Trust no longer has a disposable interest in the deferred sbare capital.

Caledonian Offshore — New Damson Oil Trust is the beneficial owner of 55,000 ordinary shares (5.6 per cent).

G. and G. Kynoch—Mr D. J. Hay, a director, has acquired 53,500 ordinary, which increases his interest to 14.83 per cent.

Thurgar Bardex—Sharna Ware has disposed of ordinary shares to the extent that it now bolds less than 5 per cent.

Knight Computer International — C. J. Dunnicliffe, a director, bas sold 50,000 sbares.

Energy Finance and General Trust — Scottish Northern Investment Trust has sold 99,052 ordinary sbares.

Squirrel Horn — Mr Ian Yates of Patriciana, 6 Swinley Chase, Handforth Road, Wilmslow, Cheshire, now bolds 897,500 or 17.60 per cent of the ordinary.

Henlys — The Millport Group of companies, through its subsidaries Alton House Holdings, Gregory Securities and Blue A Star Garages, are the beneficial owners of 1,025,000 (7.32 per rent) of the issued ordinary share capital.

Mellins—With the exercise of his full rights under the option agreement with the Taubman family dated November 10 1982 T. Suleyman, chairman of Mellins, is now a bolder of 930,000 ordinary (25 per cent).

UDS/HANSON

The extraordinary meetings of UDS Group and Burton Group called for Friday are to be adjourned. This follows the Hanson Trust proposal to bid for UDS and will allow more time for Hanson and Burton to consider the new circumstances.

On February 28 Hanson purchased 1.5m ordinary shares of UDS at 118½p, bringing its holding to 13m shares (6.82 per cent).

ASSOC. SPRAYERS

The offer made by Airtech Investments for the capital of Associated Sprayers bas been accepted in respect of 94.07 per cent and has been declared unconditional. The remaining shares will be acquired compulsorily.

Ropner, the parent company of Airtech, has accepted in respect of its 19.7 per cent and this is included in the total.

The merger is not being referred to the Monopolies Commission.

CI AUTOHOMES

The business and trading assets of CI Autobomes have been sold by the joint receivers, P. S. Padmore and N. Y. Souster of Price Waterhouse, to a consortium of CI's former directors consisting of Mr H. Kirk, Mr I. Macpherson, Mr D. M. Budden and Mr A. J. Graves.

The new company will be known as Autobomes (UK).

UK COMPANY NEWS

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
112	F.P.	18/3	146	139	Assoc. British Ports	140	+	b7.0	1.5	7.1	15.5
§100	F.P.	22/4	105	100	Br. Kidney Pat. As.	105	...	—	—	—	—
§74	F.P.	21/1	158	103	‡Canvermoor	133	...	b3.64	2.0	5.9	15.1
§58	F.P.	8/4	112	89	‡HB Elect Comps 10p	89	−8	u1.12	3.2	1.8	20.0
§190	F.P.	4/3	388	305	‡Microgen	315	+5	b4.0	2.3	1.6	26.0
§155	F.P.	7/1	255	198	‡Munford & White	200		b2.6	2.4	1.9	31.3
§93	F.P.	4/2	198	145	‡Resource Tech. 10p	158	...	—	—	—	38.4
	F.P.	—	110	83	‡Sinclair (Wm.)	83	...	:4.25	1.0	7.3	20.1
	F.P.	—	105	77	Do. Defd.	78		—	—	—	—
175	F.P.	25/3	303	253	Superdrug Stores 10p	256		bd3.5	2.4	1.9	30.2
120	F.P.	—	125	100	‡Swindon Priv Hos £1	103	...	—	—	—	—
§10	F.P.	11/6	29	22	‡Tele.Services Intl 10p	22	...	b0.2	3.3	1.3	33.7
§10½	F.P.	—	78	16	‡Tops Estates 10p	52	...	—	—	—	—
§72	F.P.	30/3	107	89	‡Utd. Packaging 10p	94	...	b2.5	6.2	6.8	10.0
§150	F.P.	18/2	340	266	‡WightCollinsR-S10p	285	+10	bd2.75	3.3	1.4	31.8
—	F.P.	3/3	25	21	Yorks & Lancs. W'rrnts	22	...	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
97.504	£25	4/3	29½	15¾	BOC 12¼% Uns. Ln. 2012-17	20	−½
99.451	£90	10/4	21⅞	12	Birmingham 11½% Red. 2012	14¾	+⅛
••	F.P.	—	324p	180p	Electro-Protective 7% Cnv. Prf.	180p	−12
¶	F.P.	29/7	100⅛	100	Mid Sussex Water 7% Red. Pref. '88-90	100⅛	.....
—	—	—	100¼	99	Nationwide Bdg. Soc. 11⅞% Bds. 25/1/84	100¼	.....
—	—	—	100½	100	Do. 11⅞% Bds. 15/2/84	100½	.....
§97.174	£25	6/5	33	22	Pearson (S) 13% Uns. Ln. 2007	26	.....
96.55	£25	8/7	28	23½	Sweden 16½% Ln. Stk. 2010	27⅛	−⅛

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
250	F.P.	26/2	28/4	312	273	AGB Research 10p	310	.....
3½	Nil	4/3	28/3	13pm	9pm	Audiotronic 2½p	9½pm	.....
50	F.P.	8/2	8/3	55	45	Cluff 4 "B"	45	.....
73	Nil	7/3	15/6	30pm	12½pm	Domion Int. 20p	30pm	+2
153	Nil	11/3	10/6	20pm	8pm	Gearbross 10p	8pm	−2
90	F.P.	21/2	7/4	147	130	Grosvenor Group	146	−1
60	F.P.	14/1	11/2	79	65	ICL	74	.....
46	F.P.	14/2	11/3	60	31	LCP	59	+1
25	Nil	—	—	4pm	3pm	Metry	2¼pm	−⅛
27	F.P.	21/7	7/4	65⅛	32	Mott Charlotte 10p	34½	−1
A$1.58	Nil	—	—	51pm	44pm	Nort B. Hill 50c	45pm	−8
93	F.P.	7/2	31/3	122	106	NS News 10p	118	−2
60cts	Nil	11/3	—	2½pm	¼pm	Ral Lon. Corp. 15cts	¼pm	.....
58	F.P.	3/2	29/4	71	61	Stats 10p	71	.....
400	Nil	4/3	22/4	90pm	26pm	Ultramar	43pm	+17

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

BASE LENDING RATES

A.B.N. Bank	11 %
Allied Irish Bank	11 %
Amro Bank	11 %
Henry Ansbacher	11 %
Arbuthnot Latham	11 %
Armco Trust Ltd.	11 %
Associates Cap. Corp.	11 %
Banco de Bilbao	11 %
Bank Hapoalim BM	11 %
BCCI	11 %
Bank of Ireland	11 %
Bank Leumi (UK) plc	11 %
Bank of Cyprus	11 %
Bank Street Sec. Ltd.	10½%
Banque Belge Ltd.	11 %
Banque du Rhone	12 %
Barclays Bank	11 %
Beneficial Trust Ltd.	12 %
Bremar Holdings Ltd.	12 %
Brit. Bank of Mid. East	11 %
■ Brown Shipley	11 %
Canada Perm't Trust	11½%
Castle Court Trust Ltd.	11½%
Cayzer Ltd.	11 %
Cedar Holdings	11 %
■ Charterhouse Japhet	11 %
Choulartons	11½%
Citibank Savings	¶ 9 %
Clydesdale Bank	11 %
C. E. Coates	12 %
Comm. Bk. of N. East	11 %
Consolidated Credits	11 %
Co-operative Bank	*11 %
The Cyprus Popular Bk	11 %
Duncan Lawrie	11 %
E. T. Trust	11 %
Exeter Trust Ltd.	12 %
First Nat. Fin. Corp.	13½%
First Nat. Secs. Ltd.	13 %
Robert Fraser	11½%
Grindlays Bank	‡11 %
■ Guinness Mahon	11 %
Gulf G'tee Trust Ltd.	12 %
■ Hambros Bank	11 %
Hargrave Secs. Ltd.	11 %
Heritable & Gen. Trust	11 %
■ Hill Samuel	§11 %
C. Hoare & Co.	†11 %
Hongkong & Shanghai	11 %
Kingsnorth Trust Ltd.	12 %
Knowsley & Co. Ltd.	11½%
Lloyds Bank	11 %
Mallinhall Limited	11 %
Edward Manson & Co.	12 %
Midland Bank	11 %
■ Morgan Grenfell	11 %
National Westminster	11 %
Norwich Gen. Tst.	11 %
P. S. Refson & Co.	11 %
Royal Trust Co. Canada	11 %
Roxburghe Guarantee	11½%
Slavenburg's Bank	11 %
Standard Chartered	‖11 %
Trade Dev. Bank	11 %
Trustee Savings Bank	11 %
TCB	11 %
United Bank of Kuwait	11 %
Volkskas Intl. Ltd.	11 %
Westpac Banking Corp.	11 %
Whiteaway Laidlaw	11½%
Williams & Glyn's	11 %
Wintrust Secs. Ltd.	11 %
Yorkshire Bank	11 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.25%. Short term £8,000/12-months 10.6%.
† 7-day deposits on sums of: under £10,000 8%, £10,000 up to £50,000 8¾%, £50,000 and over 9½%.
‡ Call deposits £1,000 and over 8%.
§ 21-day deposits over £1,000 9%.
‖ Demand deposits 8%.
¶ Mortgage base rate.

Dealings resume in Polly Peck shares

BY RAY MAUGHAN

SHARES in Polly Peck (Holdings) the citrus fruit packing group controlled by Mr Asil Nadir, opened yesterday at £11 and promptly slipped to £10 before reviving to close at £14½, down £2½ on Monday's suspension price.

At one point, more than £50m had been wiped off the group's stock market value, and Polly Peck is now valued at just under £108m against a market capitalisation of £230m in the middle of last week when the shares were quoted at £32.

The one-day suspension was lifted after Polly Peck's compliance with a Stock Exchange request for full details concerning its tax status in the Turkish federated state of Cyprus, which is one of its chief areas of activity.

Cornell Dresses and Wearwell, two other companies associated with Mr Nadir, also suffered heavily in early trading yesterday after an announcement on Monday evening that plans to merge them with Polly Peck had been deferred

Polly Peck has been advised that it still has a five year tax holiday in its operations in the free port of Famagusta.

Cornell fell 30p to 116p after hitting 105p earlier in the day while Wearwell closed at 61p, down 9p.

The decision to shelve the merger led the Takeover Panel to lift its ban on investment contacts organised on behalf of Polly Peck by its financial advisors, N.M. Rothschild, the merchant bank, and L. Messel, the stockbroking firm.

The Panel rules prohibit any attempt by a company's advisors to publish material, arrange institutional investors' visits, or solicit business in that company's shares, while a bid is either contemplated or in progress.

Grindlays bad debt provision up 400%

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

GRINDLAYS BANK yesterday reported a more-than-quadrupled specific bad debt provision of £25.9m against £5.8m and a near tenfold increase in total provisions to £50.9m for 1982.

The bank, which is 49 per cent owned by Citibank, registered a £29.1m trading profit, down from £34.5m. Second-half trading profits amounted to less than £10m, against a £19.7m figure for the first half of the year.

The bank has added to its trading result a £50.8m profit related to the sale of its Dao Heng Bank subsidiary in Hong Kong, other Hong Kong interests and the sale of its 7.56 per cent stake in the National Bank of Dubai. This has pushed pre-tax earnings up to £79.87m (£34.5m).

The sales also helped boost the bank's capital base by 50 per cent and total equity resources now stand at £158.8m. The total net dividend for last year was 4.375p, up 6 per cent from 4.125p in 1981. Last night the share price of Grindlays closed at 168p, up 8p on the day, after having touched a low of 155p during trading.

Grindlays has set aside £25m for general provisions (which is 39 per cent of total outstanding loans) and it is understood that sovereign debt figured prominently in this decision. The bank said yesterday its £25.9m of specific provisions were related to UK loans, predominantly to companies engaged in international trading activities. Problems in the Middle East and Far East also helped to increase specific provisions.

The parent group – Grindlays Holdings – showed an attributable profit of £14.1m, up from £5.3m.

Hambros debenture offers record yield

BY CLIVE WOLMAN

THE FLAGGING UK corporate bond market was given a fillip yesterday by the issue of an £8m, 35-year debenture by Hambros Investment Trust, only the second bond issue this year. But Hambros is having to offer a record high redemption yield margin to persuade the market to accept its paper.

The debenture bears a tiered interest rate, starting at 8 per cent this year, rising to 9 per cent in 1986–87 and thereafter in 2 per cent jumps each year to a maximum of 17 per cent in 1990/91, where it will remain until the redemption date in 2018.

The Hambros group used the same device in December with the issue of a £4m 7–17 per cent debenture by the Bishopsgate Investment Trust.

Yesterday's issue price was £97.183 per £100 nominal, giving a gross redemption yield of 12.862 per cent. This represents a margin of 1.7 per cent over the redemption yields of two, next-century, high-coupon gilts on their market prices yesterday afternoon.

The margin, which reflects the market's view of the company's creditworthiness, is the highest for any domestic debenture issued over the last 10 years. Bond dealers said yesterday that this was a result of the problems besetting the Hambros group.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Goodyear steps on the gas

Paul Betts explains why the world's biggest tyre group went out and bought a pipeline

"IF SOMEBODY had come up to me four months ego and said 'let's buy a gas company' I would have said you are out of your mind."

Robert Mercer, the new chief executive and soon to be chairman of Coodyear, teant back in his cheir and made no pretence at hiding the excitement preveiling these days inside the sober Akron, Ohio, beadquarters of the world's lergest tyre and rubber company.

After all, it is not in Goodyear's traditional style to go out and make a $800m acquisition—let *alone buying a Louisiana* gas pipeline company with some nil and gas exploration interests. Indeed, the last time Goodyear bought anything major was in 1965. And then it was the Motor Wheel Corporstion, a manufacturer of automotive products familiar to Goodyear's core business.

But does the acquisltion of Celeron, the Lonisiana gas transmission company, mean that a new era is dawning for Goodyear? Akron, once the world capital of the tyre industry accounting for more than 75 per cent of tyre production, produces these days less than I per cent of world tyres. Goodyear's domestic rivals—Firestone, B. F. Goodrich, Uniroyal, General Tire and Rubber, all of them based in Akron with the exception of Uniroyal—have either fallen by the wayside or increasingly diversified out of the tyre business.

The mere suggestion that Goodyear is now contemplating reducing its commitment, however discreetly, in the tyre business is tantamount to heresy at Akron. Making tyres, Mercer insists, remains "the cornerstone of our whole strategy."

Charles Pilliod, the architect of that strategy and the current chairman who is due to retire in April, describes the Celeron acquisition as "my baby." He explains lt in these terms: "We set our goals ten years ago. We said we would first get our tyre business in shape and re-establish ourselves as a leader from a technological standpoint, bringing our plant and equipment up to levels we considered acceptable. We would then get our debt to equity ratio down into the 35 per cent range. And having accomplished all that we would then consider diversification. We achieved those goals last year, and we set up a diversification team to look for something that was counter-cyclical to the automotive field and *seemed to* fit quite *well* with our businesses."

Pilliod, or "Cbuck" as the Goodyear people call bim, has become a legend in the tyre business. He was born 65 years ago in Cuyahoga Falls within miles of the Goodyear smokestacks and the company's Akron beadquarters. He joined *the* company in 1941 as a production trainee and he never finished college.

Pilliod built up a reputation for being a tough, demanding manager and it was he who saw the U.S. moving from traditional bias-ply tyres to radials. At that time the conventional wisdom in Akron was that radials would simply not catch on in the domestic U.S. market. Yet by last year radials accounted for nearly 85 per cent of the 33m tyres sold on new American passenger cars in the so-called U.S. "new equipment" market. Of tbo 133m renlacement tyres sold last year in the U.S., radials accounted for as much as 66.7 per cent of the market.

Pilliod forced the company to bite *the* bullet *and launch* a $2bn retooling programme designed to modernise the company's entire tyre production system. The centrepiece was the $300m new radial tyre plant at Lawton in Oklaboma.

The breakthrough for Goodyear came with the introduction of the company's *first all season* radial tyre, the "Tiempo," followed by the even more successful all-season radial the "Arriva." Although Coodyear regards the all-season radial as a technological break-through, the industry regards it as more of a giant marketing coup by a company known for its aggressive marketing and selling strategies. There is an old saying in Akron: "Goodrich invents lt, Firestone claims it, and Goodyear sells lt."

This strategy bas been largely responsible for making Goodyear an unusually resilient and, by smokestack industry standards, *successful, company* at a time when the mature industries of old Industrial America, especially in the Mid-West, are struggling.

The strategy has also belped the company to withstand the foreign invasion on its domestic turf, first with Michelin of France and now with Bridgestone of Japan.

The fiercest bettle is taking place in the medium to heavy duty truck tyre market in the U.S., where at the end of last June, Goodyear held 20 per cent of the market with its Kelly-Springfield subsidiary holding another *10 per cent.*

"There *is* a shake-out in the tyre business where you are seeing three leaders emerge," says Mercer, who like Pilliod, also came through the ranks of the salesforce at Goodyear, although he is a New Jersey man and a Yale graduate. Of the rivals, Mercer says Bridgestone is the more formidable. "Michelin produced a great radial tyre but then really did nothing to change it for many years," he says.

Mercer acknowledges that the company in the past bad often said that it was oot going to go out and buy any oil *wells*. He claims that with the Celeron takeover, Goodyeer has not done that. "What we bought," be says, "is a transportation company that has got a pipeline that doesn't have tyres on it."

Celeron is an intra-state gas transmission company. It supplies gas from tbe Northern Louisiana gas fields to the Southern Lousiana industrial belt, the third largest gas market in tbe U.S. and the fastest growing in tbe country. Because it is an intra-state company, Celeron is not sheckled with the complicated federal regulations governing the inter-state gas industry.

Goodyear also liked Celeron because it essentially serves industrial customers with which Coodyeer itself feels comfortable. Moreover, the fect that Celeron, generally regarded in the industry as one of the more successful well-managed gas transmission companies, agreed to be acquired for stock rather thsn cash, was an additional booo.

Mercer says Coodyear was impressed with Celeron's management team, but above all, solved in part Coodyear's anti-cyclical problem. "When oil is up, driving is down and this gives our tyre business a slow-down," Mercer explains.

But for Celeron, when oil goes up, so does the price of gas and in turn the company's profits. When oil prices drop, so do Celeron's earnings, which declined from $108m to $65m last year on revenues down from $1.bn to $925m.

Goodyear's continued commitment to tyres has belped give it an edge over the competition in the U.S.—among other things it belped persuade many U.S. independent dealers, who sell more than balf the country's replacement tyres, to carry Goodyear tyres exclusively.

While Mercer says Coodyear is "over the bump" in terms of big U.S. investments it is continuing *to invest* heavily in tyres overseas. Despite the economic difficulties in Latin America, Goodyear continues to see good long term prospects there. It is continuing its investments in Mexico, including a major expansion to manufacture truck radial tyres.

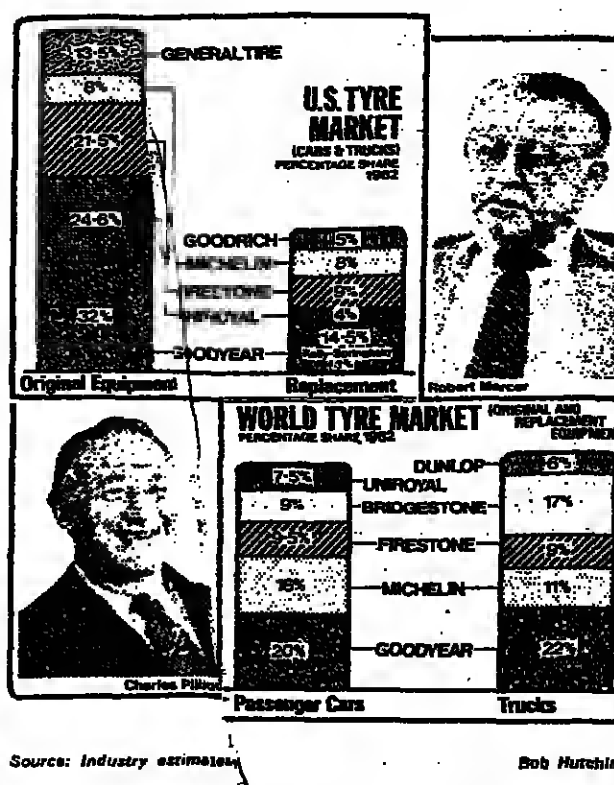
"We are modernising in Europe and expanding in South Africa," says Mercer. "We want to protect and maintain our leadership position in our core business." And this despite the disappointing results from foreign tyre nperations in the final quarter of last year, when they showed a net loss of $5.5m compared with earnings of $16.5m in the fioal quarter of 1981.

The key to Coodyear's tyre *strategy, according* to Mercer, is to avold letting tyres become a commodity. "We have many competitors who produce commodities and we are not interested in the commodity business," he claims. "We have to have something that distinguishes us, and the consumer has to perceive real value. When he *does* perceive it he will pay the merket price for that tyre." Thus Goodyear, he explains, is now in the business of discounting only older products on the way *out*, while it brings out a steady flow of new ones. "We plan to bring out two new tyres this year," Mercer says.

But the new chief executive acknowledges: "If we reach tbe point when we think the tyre business has plateeued in its ability lo improve our return on investment, then I think we owe it to our shareholders to look for further diversifications." But that point, he *quickly* adds, bas *not* been reached.

Although Mercer emphasises that, in Celeron, Goodyear has bought a piece of the industriel gas pipeline business, the tyre company has also acquired what could turn out to be some hot oil and gas property. Indeed ,one o fthe more attractive aspects of Celeron is its 20 per cent interest in a recent oil find by Los Angeles-based Occidenial Petroleum. Occidental made the find offshore in the Santa Maria Basin off the Californian coast.

This new oil pley is regarded by the industry as potentielly one of the most promising new fields since the discovery of oil in Alaska. Texaco and Standard Oil of California have also both struck oil in the Santa Maria basin. If expectations are fulfilled, Messrs Pilliod and Mercer, whatever they may say, will after ell have done exactly what they claimed they would never do—go out and buy an oil well in the grand old American tradition of corporate acquisitions.



Source: Industry estimates Bob Hutchison

An enriching business

GOODYEAR, which flaunts its blimps across Europe and the U.S. to remind the world that *it makes tyres,* has quietly built itself up over the years into one of the leading players in the uranium enrichment business. It has, through its Goodyear Atomic subsidiary, managed the U.S. Department of Energy uranium enrichment facility at Portsmouth, Ohio, since the mid-1950s. And through another subsidiary, Goodyear Aerospace, a maker of aerospace and defence products, it has been manufacturing gas centrifuges. These are the machines that process a gasified form of uranium for use in nuclear power plants.

Goodyear's latest diversification into the gas business is thus not the company's first venture in the energy field.

It is now hoping to be chosen by the Department of Energy to take over the management of the huge uranium enrichment facility at Oak Ridge In Tennessee. This follows the decision of Union Carbide, the large chemicals company, to withdraw as the contractor of the Oak Ridge facility.

Robert Mercer, Goodyear's chief executive, acknowledged his company was looking at the possiblity of taking over from Union Carbide. "It is a questien of do you want to *manage 18,000 people for a* $4m after tax return." Mercer said. He added: "It is also a question whether the Government will accept us *considering the fact we already have a* large chunk of that business."

It seems, however, that the Government intends to do just that. It is understood that the Department of Enorgy and the Reagan Administratien is leaning heavily in favour of *having* one large well-endowed corporation manage as much of the Government's uranium enrichment programme as possible.

For Goodyear, whose principal rival for the contract appears to be Westinghouse Electric, the Pittsburgh industrial company which makes nuclear reactors, the main lure of the Government deal would be the chance to enhance its position as a mass supplier of gas centrifuges for the Department of Energy. The opportunity would presumably more than offset the relatively modest fee for managing the enormous Oak Ridge facility with $3bn in annual revenues from uranium enrichment, another $3bn in annual budget appropriations, and about $500m a year in construction projects.

TECHNOLOGY

EDITED BY ALAN CANE

RECESSION AND CAR INDUSTRY BLAMED FOR TURNABOUT

Japanese robot industry slows down

BY ROY GARNER IN TOKYO

THERE are growing indications of a re-assessment of strategy among Japan's robot makers, at a time of sluggish sales and increasingly exacting demands from users.

Companies experiencing a slowdown in their robot business include industry leader Fanuc, which is now producing only 70 units per month, after a peak of 100 units per month last September.

Painting robot maker Kobe Steel, expects to produce 250 units in fiscal '82, 50 units short of target, and is unsure of achieving the 400 units planned for 1983.

Robotics trading company Tsubaki Moto Kogyo, the sole agent for Kawasaki Juko, expects a 25 per cent drop in *sales from last year.*

Reasons commonly forwarded for the slowdown include the recession, difficulties in the automobile industry and inadequate sales networks.

Emerging trends include an increased interest in the development of fully integrated robotised systems as ageinst stand-alone units, a move towards a more effective design approacb which will centre on early analysis of the prospective users application requirements together with the provision of greater flexibility and, most importantly, a merging of expertise from the two fields of electronics and mechanics: a development which has inspired the increasingly popular industry term of "mechatronics."

Evidence of all these developments can be discerned in a recent robot-business tie-up between one of Japan's leading trading houses, Sumitomo Shoji, electronics specialist NEC, and robot producer, Dainichikiko.

On the manufacturing side the deal brings together a recognised electronics systems leader and a robot maker with *experience* in a *wide range of* product applications. Completing the trio, the initiator of the deal, Sumitomo Shoji, casts itself in the role of the group's market analyst and sales coordinator.

The three companies *say* they aim to develop a new range of factory automation systems *featuring* a bigh degree of computer control together with the increased use of vision and voice sensors.

Benefit

Dainichikiko electronics engineering chief, Mr Akio Ozawa, said that discussions are underway on the plans, and said that the *use of NEC sensor* apparatus together with his company's robots is scheduled for early in 1984.

Dainichikiko, in common with *several other robot makers,* has seen disappointing sales recently, and is presently operating at about 70 per cent of production capacity. It is likely to benefit from the association with the known and respected electronics giant NEC.

C. Itoh, another leading trading house, has similar plans in mind for the development of robot business. Mr Toru Nakano, a manager in the computer aided design section of C. Itoh Data Systems, said that several divisions within the group are currently discussing ways of improving the coordination between clients with robotics experience, concentrating on the combining of hardware and software skills.

Japanese robot sales are being hit by the recession. Last year Mrs Thatcher was shown robots from Fanuc, the industry leader, which has cut production from 100 to 70 units a month

Nakano said that "trading companies are in the atrongest position to do this linking, which is a typical development in Japan." Nakano said be expects to see more drawing *together of expertise* and the making up of weak points "in the near future.

C. Itoh is already an exporter of Japanese robots and NC mechines, and bas close ties with Ceneral Electric, e company expected to be an important force in the forthcoming era of factory automation.

As a token demonstration of the new relationship, NEC and Dainichikiko jointly displayed an unmanned laser-welding system for electronic switches in a Tokyo mechatronics exhibition on February 22.

The system featured two of Dainichikiko's hroad range of handling robots working in conjunction with small-size NEC laser-welding robots, a sensor-based terminal and a bost computer.

Although other robot producers, notably Fanuc and Hitachi, already have broad access to both mechanics and electronics skills, this is the first occasion on which aeparate large enterprises bave joined forces in such a fashion.

Sumitomo Shoji Electronics Department general manager, Mr Toyotaro Tanaka, claimed that, with the exception of the auto industry, big compenies are still in an evolving stage in the use of robots, and are now looking for the capacity in their suppliers to be able to handle the development of future total systems

Tanaka suggested that the "evalustion of applications is a very necessary part of robotics and factory automation," and claimed that the daily contact with customers in a wide variety of industries, which is a feature of the work of lerge trading companies, such as Sumitomo, well qualifies them to act as middle men

Sumitomo is, therefore, planning to invest primarily oo the sales side, though "if necessary, It will provide development funds for NEC/Dainichikiko joint projects."

BANKING PACKAGES SURVEY

Choosing the right one out of 22

"If I was a banker," a senior executive for a major banking software house muttered recently, "I would not know which package to choose either."

Which should emphasise the value of a new survey of international hanking packages published by Distributed Systems of South London.

According to the survey there are now 22 banking systems being offered hy a total of 19 equipment manufacturers, software houses and hureeux, and marketed chiefly to international banks operating in the world currency markets.

These are not the buge banking systems run by the headquarters of the world's major banks: they are smaller systems costing perhaps less than £100,000 and running on minicomputers like the IBM System/38 or the DEC PDP/11.

The Distributed Systems survey makes oo attempt to compare and contrast the systems offered but it does list exhaustively the main features and capabilities of each package, the laoguages applications, prices and geograpbic coverage.

SEMICONDUCTOR CHIPS

Heat resistant breed from NASA

A NEW breed of heat resistant semi-conductor chips may become possible following success at NASA in devising a practical method for the manufacture of silicon carbide.

Most integrated circuits are made of silicon (in fact, a highly pure form of sand) but they can be destroyed at temperatures above 315 deg C. By makiog them instead from silicon carhide, operating temperatures up to 879 deg. C. will be feasible. By comparison, the melting point of lead is 327 deg. C.

The process is largely a matter of laying down acceptable crystalline forms of the material on a pure silicon substrate. A silicon wafer is heated in a radio frequency oven and appropriate gasses are injected to form a necessary buffer layer of silicon carbide crystals. Other gases deposited subsequently form a strong uniform layer.

High temperature electronics based on the carbide could turn out to be extremely useful. For example, it would be possible to put electronics packages in the hot areas of all kinds of internal combustion engines. Better instrumentation for nuclear generators might be designed and according to the NASA scientists at the Lewis Research Centre in Cleveland, Ohio, the material might also be the key to communications at *extremely high* frequencies.

GEOFFREY CHARLISH

Detecting laminate faults

Thermography technique sponsored for two years

A TECHNIQUE calted pulse video thermography developed at Harwell has been sponsored by a UK consortium of composite material users and suppliers in a two year assessment programme.

The technique is particularly suitable for detecting faults in laminates and composite materials and involves exposing the materials to bursts of heat from an intense source.

If there are any defects present they will affect diffusion of heat away from the surface and give rise to areas with higher or lower temperatures than the surrounding defect-free regions.

The thermal gradients are monitored (from either side of the material) using an infra-red camera coupled to a TV display and video tape *recorder. The tapes provide* permanent record for detailed analysis using image processing and enhancement.

The method is quick (as low as one second in some cases) and has the advantage of requiring no contact with the test surface.

More from Dr Peter Williams, Harwell, on 0235 24141.

Analysis

Milestone package

CRITICAL PATH analysis, an important tool in the planning and tracking of projects, can be carried out on a micro using a package called Milestone offered by Vector Graphic of Windsor (Windsor 69375).

The company says that until now a *mainframe or* minicomputer has been needed to run such programs, making them difficult and *expensive to use.*

The package is interactive and treats each project as a series of activities, each with a name, duration, capital cost, mix of manpower and prerequisite list. The list of associated activities provides a thread that the software uses to link all the jobs together into an overall project schedule.

Up to 200 activities can be planned and tracked on a 64 kilobyte micro

Displays

Hamlin fluid

A LIQUID crystal display fluid from Hamlin Electronics, the type 02, is intended for operation over a very wide temperature range. The normal operating temperature range is −20 deg C although *operation is possible* down to −40 deg C with a slower response time. More information on 0279 4411.

FINANCIAL TIMES SURVEY

Wednesday March 2, 1983

Transatlantic Air Links

Transatlantic air routes have been suffering severely from the recession. Traffic has been static, or in some cases has declined. With too many seats being offered in a fiercely competitive market, many airlines have been making heavy losses. They are hopeful, however, of long term growth

THE TRANSATLANTIC air routes between the eastern and western hemispheres are traditionally among the busiest in the world air transport industry. They are also among the most competitive and incur the heaviest cash losses.

Linking some of the world's biggest markets—Western Europe and North and South America—and tied by strong ethnic associations, it is not surprising that the transatlantic routes beckon the flag carriers of many countries, and many other independent operators, like a beacon. This is despite the fact that over nearly 40 years of development since the Second World War those routes have been the graveyard of many airlines' hopes and fortunes.

BY MICHAEL DONNE

Aerospace correspondent

The routes are also the most arduous in the world, testing the operational stamina of the airlines, and they are the yardstick used by the manufacturers for the development of new long-range types of airliner.

Nonetheless they are among the safest of routes. Although there have been accidents on take-off and landing at either end, it is now many years since any airliner was lost in mid-flight on the transatlantic operation.

By "transatlantic," most people mean the North Atlantic, linking the eastern hemisphere (principally Western Europe, the Middle East and Africa) with the U.S. and Canada. This is undeniably the busiest of all the transatlantic air links, with 47 scheduled and charter airlines involved, some of them emanating from areas of the world far removed from the route—such as the Indian sub-continent, the Far East and Australasia.

This part of the transatlantic also includes those routes over the North Polar regions, linking, for example, Western Europe with Anchorage, in Alaska, en route to and from Tokyo.

The Mid-Atlantic route, currently served by 14 major airlines on a regularly scheduled basis, comprises those routes linking the eastern hemisphere with the Caribbean, Central America, Northern South America, and some other South American countries such as Colombia and Ecuador.

The South Atlantic, the least busy route, links the eastern hemisphere with the remaining principal countries of South America — Brazil, Argentina, Chile and Uruguay, with 15 airlines currently offering scheduled services.

Estimates prepared by the International Air Transport Association, many of whose 123 members fly one or another (or in some cases, all) of the three major sectors, North, Mid and South Atlantic, suggest that in 1982, a total of about 21m scheduled and charter passengers (both IATA and non-IATA) were carried between the eastern and western Hemispheres, slightly down on the 21.5m of 1981.

Of these, the vast majority, about 18.6m, were carried on the North Atlantic, against about 19m in the previous year, and of those in turn, about 15.54m alone were carried by the IATA member-airlines. About 1.47m flew the Mid-Atlantic (against 1.35m), and 926,000 flew the South Atlantic (1.13m in 1981), virtually all of those passengers being carried by IATA members.

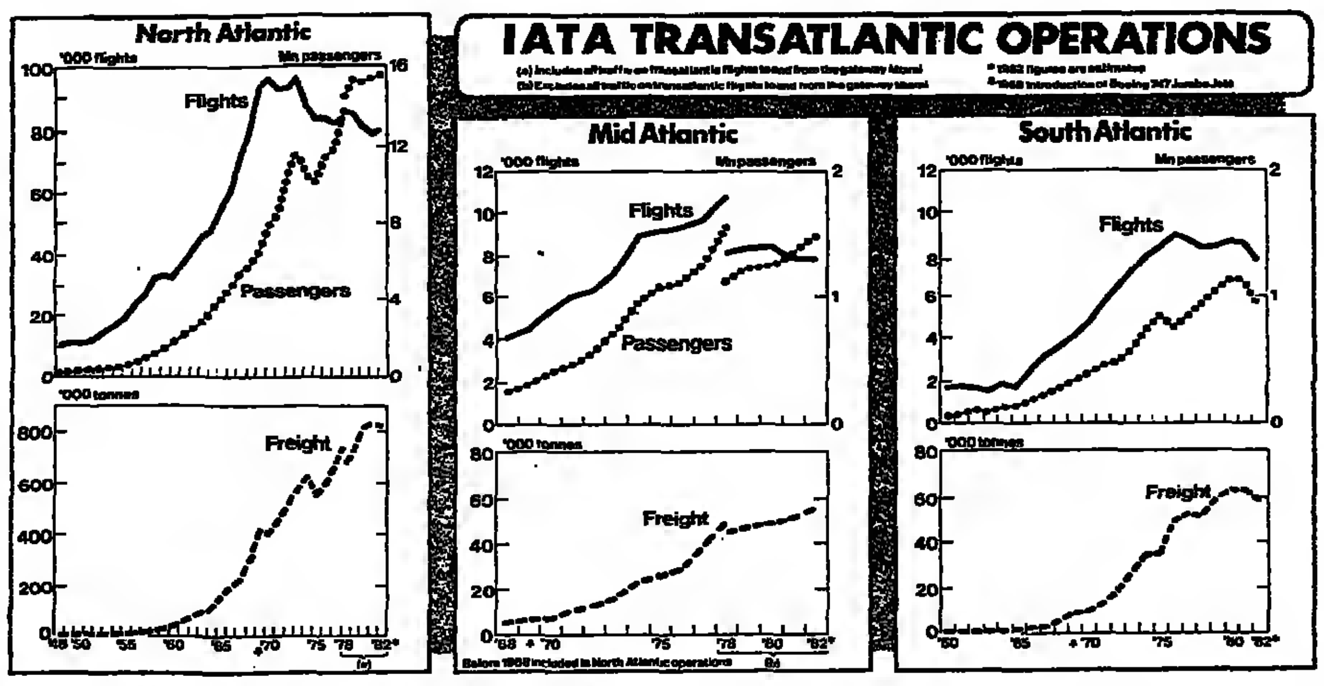
The figures for the North Atlantic mask a shift in travel patterns, with a decline of about 5 per cent to about 16m in scheduled service traffic being offset by a rise of about 25 per cent to around 2.6m in charter traffic.

The continued recession continued to affect all transatlantic routes, whilst on the South Atlantic there was the added depressing influence of the Anglo-Argentine Falklands conflict, which severed many air links with Argentina and dampened traffic to and from other South American countries.

Other factors affecting the development of the transatlantic routes last year were the sharp fluctuations in currencies at each end, especially between the dollar and sterling, with the result that in the closing months of 1982 there was a marked falling off in traffic, especially Westbound to North America. So far into 1983, there have been no signs of any improvement, and virtually all the carriers on the route expect their overall 1982-83 winter results to be poor.

Although some airlines on the transatlantic say they make profits — British Airways and Trans World Airlines are examples — overall, the transatlantic routes are loss-makers. The IATA estimates that during 1982, the collective losses on the North Atlantic route alone are likely to amount to more than $600m, and that unless there is some improvement in economic conditions at both ends of the route this year, the collective losses for 1983 could be as great, if not even greater (some unofficial forecasts have put the likely losses for 1983 as high as $800m).

The precise extent of the airlines' difficulties on the transatlantic air routes can be gauged from the fact that total overall world air transport industry losses in 1982 are estimated at around $2bn. The North Atlantic alone, therefore, accounted for close to one-third of total airline industry losses, and if losses on the Mid and South Atlantic are included, the proportion is much greater.



THE GRAPHS show the growth in transatlantic air traffic over the three sections, North, Mid and South, over recent years, as carried by the member-airlines of the International Air Transport Association, who account for the greatest part of all transatlantic operations. The so-called independent (non-IATA) airlines nevertheless still represent a significant competitive force on the routes, accounting for about 3m passengers out of the overall total of about 21m last year.

The outlook for the current year is still uncertain. During the winter so far, traffic has remained slack, hit by the continued recession, and forward bookings for the coming summer are as yet slow to materialise.

Sharp cuts in promotional and other fares at the cheaper end of the scale are being introduced from April 1 in bids to stimulate traffic, but increases in first class and business class rates may serve to thwart any traffic growth in those sectors, even though the rises are being planned in a bid to offset rising costs.

CONTENTS

Editorial production for this survey by Mike Smith

In view of all this, why does the transatlantic operation have such a fascination for the airlines?

The answer is that the route is effectively a triumph of hope over experience. In the past, the transatlantic was undoubtedly a money-spinner for many operators. Today, many seek to retain their positions on it just in order to be there when the good times return.

For many countries, the links between the two Hemispheres represent political as well as sociological necessities, and the losses incurred by their flag airlines are often borne by governments. Although the current recession has severely damped down business opportunities on both sides of the Atlantic, it is clear that in the longer-term future those opportunities will return, if not in abundance, at least to an extent that will justify any country maintaining its flag air links across the North Atlantic, while for the Mid and South Atlantic many of those business and tourist opportunities have not yet even begun to be exploited.

Over the years since the Second World War, the evolution of the transatlantic air routes has been marked by a series of significant and far-reaching developments. This has been most marked in the introduction of new types of long-range aircraft, developed expressly with the transatlantic in mind, with steadily improving standards of passenger comfort and reductions in journey times.

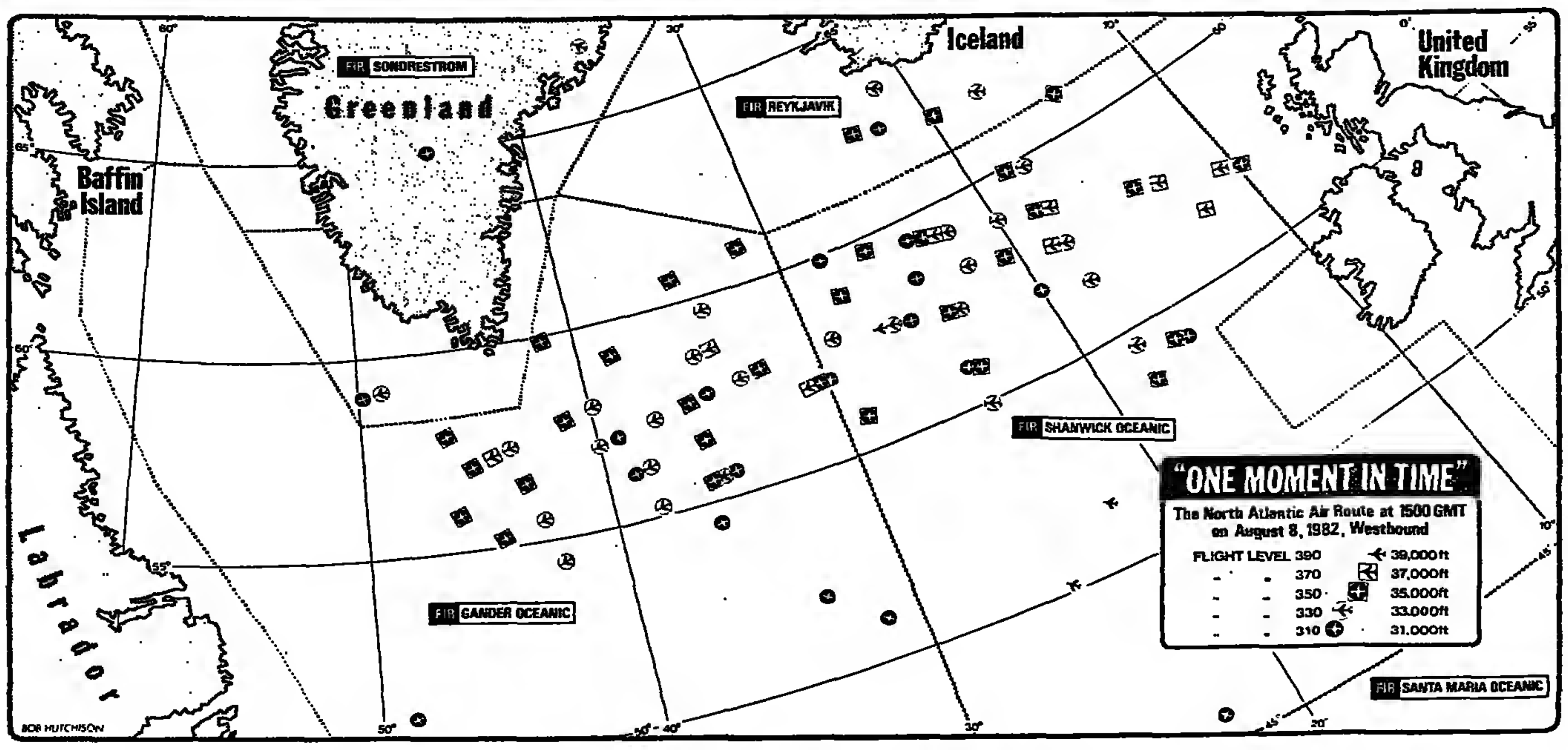
The early piston-engined types (Constellations, DC-4s, DC-6Bs and Stratocruisers) took anything between 16 and 20 hours to make the London-New York journey, depending on weather and the number of stops.

Later, piston Douglas DC-7Cs and turbo-prop Britannias began to make non-stop crossings, but the introduction of the jets, in the shapes of the Comet IVs, Boeing 707s and Douglas DC-8s, effectively halved journey times to around eight to nine hours Westbound, and even less Eastbound.

The advent of the even faster Boeing 747 Jumbo in 1969 improved journey times and comfort even more, while the

CONTINUED ON PAGE III

TRANSATLANTIC AIR LINKS II



North Atlantic: the daily westbound flock of airliners

The North Atlantic air route has been described as a massive "conveyor belt" of aircraft and the map above shows why.

At any one moment, there is likely to be anything up to about 100 jet airliners en route between Western Europe and North America, apart from military traffic and business and executive aircraft movements. The map (based on information from the Civil Aviation Authority) freezes the North Atlantic air traffic scene at 1500 hours GMT last August 8, when there were 89 jets westbound from Europe to North America, flying between the heights of 31,000 and 39,000 feet.

During daylight hours, the predominant activity on the North Atlantic is westbound, with airliners flying from many West European cities to a wide spread of destinations in North America, with some enroute to Anchorage, Alaska, for the onward flight to Tokyo and other Far Eastern points.

Most of the daylight flights leave Western Europe in the mornings, which is why by 1500 hours GMT they are already well out over the North Atlantic. Even before the leaders have reached their destinations in North America, even more jets are making late departures from Western Europe, so that on any one day, well over 100 different jets may make the Westbound North Atlantic crossing.

After a period on the ground for cleaning, refuelling and revictualling they will depart for Western Europe on the eastbound crossing from about 1900 hours onwards, landing at their destinations during the following morning (European time)—whereupon they will again be refuelled and revictualled in readiness for the next flight westbound.

The great "conveyor belt" continues relentlessly, day in and day out, throughout the year, with only fog or occasional blizzards at each end of the route likely to disrupt the schedule to any significant degree.

Last year, there were no less than 80,000 separate flights across the North Atlantic by member-airlines of the International Air Transport Association. If Mid-Atlantic and South Atlantic operations are included, together with all those by non-IATA airlines, and by *military and business aircraft*, total transatlantic flights in both directions amounted to well over 100,000 last year, close to 300 daily.

The aircraft follow prescribed tracks, laid down by Air Traffic Control Centres on the edges of the Ocean, and they fly at specific operational heights and lateral separation distances (generally 60 to 120 miles, according to height), so as to avoid any risks of collision.

The aircraft also fly very high, up to about 40,000 ft for subsonic jets, so as to avoid the worst of the North Atlantic weather, which even in the summer can be some of the worst in the world at the lower altitudes.

The 89 aircraft in the map belong to over 30 airlines, including British Airways, British Caledonian, Trans World, Pan American, Air France, Lufthansa, Iberia and KLM. Most are Boeing 747 Jumbos, McDonnell Douglas DC-10s or Lockheed TriStars, but the list includes several 707s and DC-8s and one all-cargo jet.

The map does not show Concorde operations. These are in a class by themselves, climbing away quickly, and then cruising at about 60,000 *ft, well above everyone else.*

Michael Donne reviews operations and prospects on the main routes

THE SOUTH ATLANTIC ROUTE

Sorry legacy of the Falklands conflict

BY COMPARISON with both the North and Mid-Atlantic routes, the South Atlantic air route, primarily linking Western Europe with Brazil, Argentina, Uruguay and Chile, is limited in volume, although not in international significance.

Statistics from the International Air Transport Association show that the growth in travel on the route over the past 20 years or so has been slow, but steady, from about 70,000 scheduled passengers in 1960 to 1.13m in 1981.

During 1982, however, the expansion was peremptorily *halted* by the Anglo-Argentine conflict over the Falkland Islands, and preliminary estimates show that total 1982 traffic was down to about 926,000. Flights between Argentina and Western Europe by a number of EEC carriers were disrupted, and it is only in recent weeks that some of those airlines have begun to resume operations to Argentina.

British Caledonian Airways, however, which estimates that its losses as a result of the disruptions caused by the Falklands conflict amount to about £8m, is still cut off from Buenos Aires (hitherto one of the most lucrative points in its network), as well as from Chile because of the inability to fly across Argentine airspace and the heavy additional costs of re-routing via the North and West of the South American continent.

Sir Adam Thomson, chairman of British Caledonian, has declared that had the Falkland Islands conflict not occurred, his airline would have earned profits for the 1981-82 financial year.

Quite apart from the direct effects on some Western European airlines of the suspension of Argentinian flights, there was also an effect on traffic stemming from objections by some other South American citizens to the UK action in the Falklands. Just how much traffic was lost as a result of this is not clear.

The airlines are now undertaking vigorous marketing efforts to correct the situation, but it could be some time before the damage has been repaired, and there is no sign yet of any imminent resumption of British Caledonian flights to Buenos Aires.

But the *Falkland Islands* conflict apart, the outlook for the South Atlantic air routes as a whole over the coming decade appears promising.

The routes are primarily business orientated, with only a comparatively small (but growing) tourist potential, but the weakness of the economies of the countries concerned is also a factor holding down traffic expansion at present. As those economies strengthen, so business links between the South American continent and western Europe are likely to expand.

Moreover, many in the travel trade believe that the tourist potential of the Continent is unlimited, although much more *has to be done* to develop its infrastructure (especially in terms of hotels offering a reasonable price) in likely tourist destinations outside the major cities.

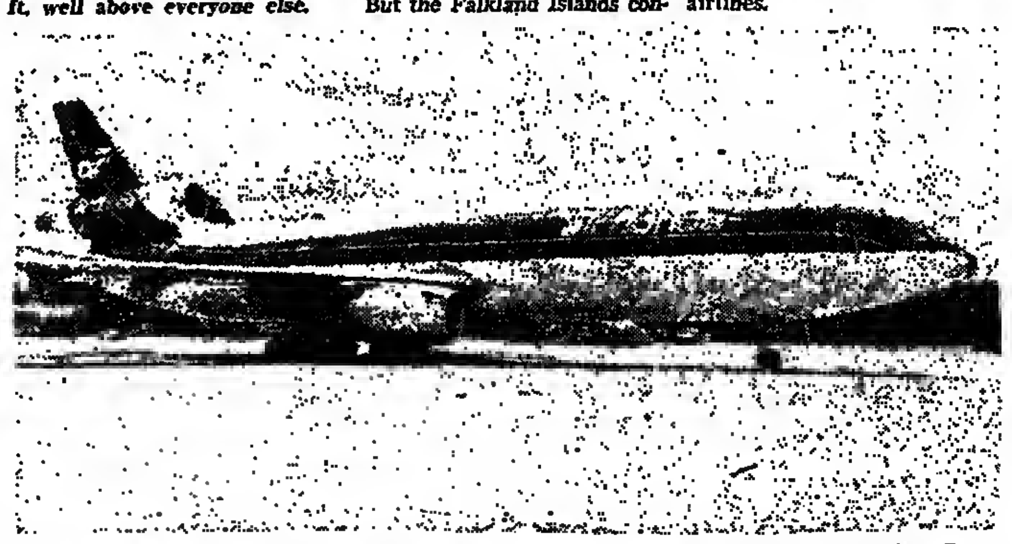
Sleeping giant

Nevertheless, through the 1980s it seems likely that tourism as well as business will grow, and a 2m air passengers a year figure may well be reached before the end of the decade. Brazil in particular has been described as "a sleeping *giant*" in *terms* of tourist potential from Western Europe, while its business potential is even greater.

The point that is made most strongly in the airline industry on the future development of the South Atlantic air route is that the distances involved are very long—over 6,200 miles, for example, from Madrid to Buenos Aires—with the inevitable result that fares remain high.

The likelihood of substantial reductions in the near future appears remote, but if a wide range of promotional rates similar to those available on the North Atlantic could eventually *be made available, it would do* much to stimulate traffic on the route.

At present, much of the tourist traffic is generated by the strong ethnic links with some Western European countries (such as Spain and Portugal), but to achieve a wider breakthrough into the tourist market will require considerable efforts and investment by governments as well as by airlines.



Roger Taylor

Air Florida flies regularly between London (Gatwick) and Miami (Florida). The airline uses a fleet of McDonnell Douglas DC-10-30 long-range jets for its transatlantic operations

THE MID-ATLANTIC ROUTE

Caribbean tourists the core of traffic

THE MID-ATLANTIC air route, which broadly covers the links between Western Europe and Central America and the Caribbean, and the Northern countries of the South American continent, has been slower to develop than many other major world air routes.

This has been largely because of the slower rate of economic development of the area, but this situation is now changing, especially as a result of the growth of tourism between Western Europe, and particularly the UK with individual destinations in the Caribbean.

The Caribbean has for many years been well known to U.S. holidaymakers, but it is only in comparatively recent years that it has begun to be exploited by Western European holidaymakers.

For the rest of the Mid-Atlantic area, tourism is much less developed, and as a result the links with Central and Northern South America remain primarily business orientated.

As with the South Atlantic route, the Mid-Atlantic has shown a slow, but steady expansion, over recent years. The IATA figures show a rise from 271,000 passengers in 1968 to just under 1.5m in 1982, and the IATA believes that a growth of about 7 per cent a year can be expected in the immediate future, largely stimulated by the expansion of tourism.

Opportunities

This in turn has been made possible by a combination of factors. One is a growing awareness that in the absence of significant industrial development potential, tourism offers opportunities to earn substantial incomes, and that although the recession may have dampened down growth for the present, in the longer-term the prospects are good.

The growing use of large-capacity, wide-bodied long-range jets such as Boeing 747s, TriStars and DC-10s have made non-stop flights at comparatively low fares much more widely available to West European holidaymakers, and increasingly tour organisers and airlines are taking advantage of this.

Many UK holidaymakers, for example, have discovered that the Caribbean is a pleasant alternative to the Mediterranean, and many who originally trans*ferred their holiday* allegiences from the Med to Miami are now moving on again to the Caribbean, while many others are moving there directly.

The travel trade believes, therefore, that throughout the rest of the 1980s the Mid-Atlantic air route could continue to show a steady growth, accelerating once the recession ends and more discretionary income is available for holiday spending. As the tourist infrastructure itself develops (for example, a number of Caribbean islands are now planning their own airports or improvements to existing ones), the development of travel to the area from this side of the Atlantic is likely to be the biggest single factor in the economic development of the region.

Arthur Sandles reports on the growth of the new Gateway cities

Dots on the map transformed

"LADIES and gentlemen, at this moment in time we are approaching Baltimore international airport . . . Tampa international . . . Denver . . . Atlanta . . ." Only a few years ago to most Europeans these large U.S. cities were simply dots on a map, dots unlikely ever to be translated into reality. Today the growth of services and the increasing sophistication of travellers has produced a situation in which it is realised there are more ways of entering North America than simply via New York, Toronto, Los Angeles and Vancouver, just as the North American now knows there are more airports in Europe than those of London and Paris.

There is little doubt that the considerable expansion in the number of destination cities in North America was due partly to the move towards liberalisation of air policies in the U.S. and the UK, and also to a perhaps misguided optimism about the growth of trans-Atlantic traffic. But the consumer need care little about this. The fact remains that far more cities are now available without a change of aircraft or, even worse, airline.

As far as users of the new services are concerned there are several attractions. In some cases, for example, Houston, it is a matter of immediate access to a rapidly growing, vastly important, business area. For others, notably Atlanta, it is a question of reaching a centre with remarkable onward connections. One might add, to the distress of the airlines concerned, that another attraction is that on some of the routes of lesser popularity the resultant service and space for stretching out is magnificent.

Expansion

The key areas of expansion of services have been on the eastern seaboard, Florida, and a central slice of the nation with four corners roughly on Minneapolis, Chicago, Houston and New Orleans. To some extent the diversion of traffic in these regions was due not only to the pressures mentioned earlier but also to the fact that some of the more traditional gateways were being overwhelmed by the growth of international traffic.

Miami airport, for example, became a watchword as an entry point to avoid. It saw its overseas passengers, where able, eager to seek an alternative gateway. Now that Miami has an enviably comfortable international terminal, and boasts customs and immigration staff of an amiable disposition. The facts may have changed but the image will take a long time to disappear.

Kennedy and Los Angeles have both suffered from travellers tales of woe, thereby *aiding the newer gateway cities* in their campaigns to win traffic.

Cities like Tampa, Orlando, Baltimore and Minneapolis are eager to capitalise on the idea that small is beautiful.

The opening of a new service, or range of services, to an area requires *considerable* cooperation between the airlines involved and the local community. Once an airline has an international route, like World to Baltimore or Arrow to Tampa, it is in the interests of the destination city to make sure there is enough business to justify it. Clearly once a city can boast a trans-Atlantic connection it is in a much better position to attract both business interest and investment, and holiday traffic to bolster the local economy.

Cities like Baltimore and regions like the Pinellas Suncoast around Tampa have demonstrated the efforts which local business and administrations are prepared to go to back new airline ventures with marketing support. Baltimore, with its remarkable inner-city rejuvenation record and impressive inner harbour area, has been eager to tempt visitors away from Washington and New York as jumping off points for U.S. visits. Pinellas has been working hard to show that the west coast of Florida is "wonderful and welcoming" whatever might be happening in the south east.

In both cases there was a perceived need for traffic ex-U.S. into Europe, but that takes on a greater significance when one looks at other newish gateway areas like Houston, Atlanta and, to a lesser extent, Denver.

Explosive

In all these cases the cities involved have shown explosive growth in recent years. The local populations tend to be younger, more affluent and more willing to travel abroad than those in many of the older American cities. Traffic from Europe has tended to be more heavily oriented towards the business market, particularly to the oil lands of Houston, although the states around Atlanta, notably Tennessee to the north, have been keen to capitalise on what they see as a substantial new market.

All this competition has made the older gateways fight back. New York has brushed itself down, considerably improved connections between Kennedy and Manhattan, and generally shaken off the old feeling of "consider yourself lucky m be here" impression that visitors were given. Miami—a personal view—is these days almost a pleasant airport to be stuck in, which is something you can say about very few airports.

However, I suspect that most travel decisions these days, be they over which airline, which car rental company, or which gateway city, are made for negative reasons. In other words customers offered a selection first eliminate the routes they will not fly (I'll never go with Flapair to Blogsville) and then choose for convenience rather than anything else.

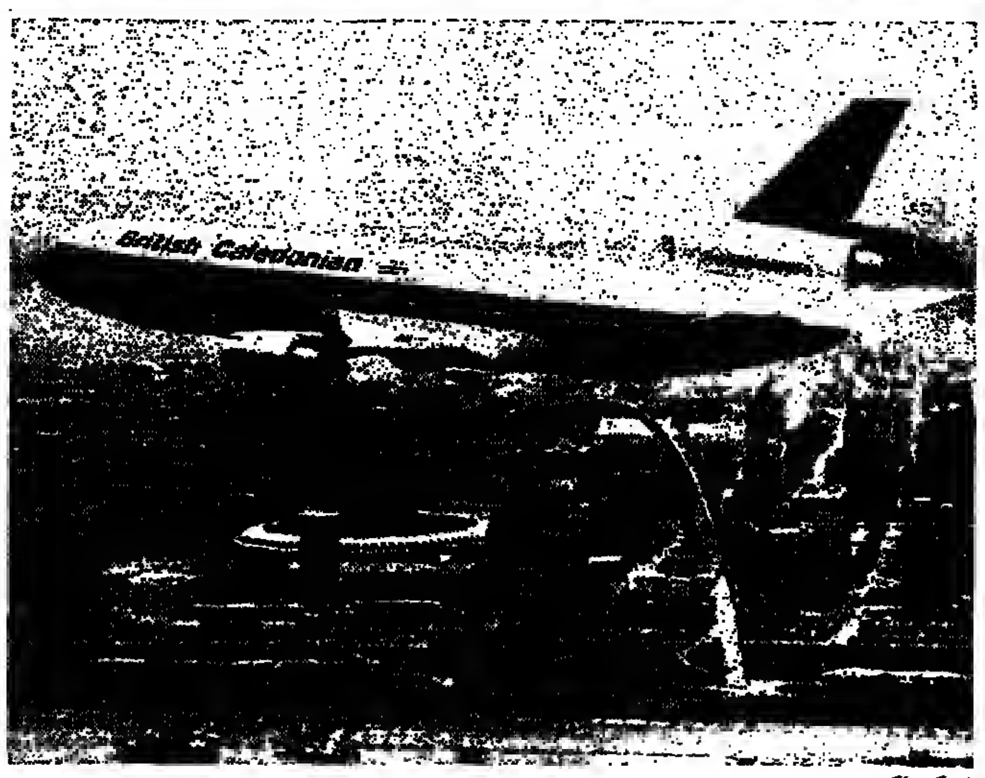
The proliferation of gateways has considerably eased this problem for the traveller who can even have a restful overnight stop before travelling on. In this case the proximity of the airport to a reasonable hotel or down town area becomes a priority.

The growth of the gateways has had an interesting side effect in that both European and U.S. travellers are now much more aware of the presence of local feeder airlines than once they might have been.

Americans are now discovering the delights of Air UK and Brymon just as Europeans are finding out about Frontier and New England Air.

It also means that resorts and attractions, such as theme parks, dude ranches and golf complexes, have been able to turn their attentions to a foreign market which might otherwise have seemed hopeless.

The growth in the number of gateway cities has slowed for the moment. Even in the case of Denver there have been problems and British Caledonian has yet to take up its route rights. But the choice today is large, and if the pundits are right about economic recovery being just around the corner, the number will rise again towards the end of the decade.



Glyn Genin

British Caledonian is the UK's major independent long-distance international airline, with a big route network to the U.S., the Caribbean, South America, Africa, and Hong Kong, in addition to its short-haul European scheduled service network and its inclusive tour holiday flying activities. Shown here is one of the airline's fleet of DC-10-30 jets over the massive Gateway Arch in St Louis, Missouri. Other U.S. points served by the airline are Los Angeles, Houston, Dallas, Fort Worth and Atlanta

The innovative work continues

CONTINUED FROM PAGE ONE

most recent innovation has been the Concorde supersonic airliner, with a London-New York time of around 3½ hours.

Throughout the post-War period, the transatlantic has been a forcing house for the development of new aircraft which have eventually also found their way onto other long-range air routes.

This innovative situation continues. One of the most significant developments of recent years has been the opening of new "gateway" cities at each end of the route, made possible by the *steadily extending range* and payload capabilities of the modern airliners that can make ever-longer journeys non-stop.

In North America, these new "gateways" have included Atlanta (Georgia), Houston and Dallas-Fort Worth (Texas), Denver (Colorado), New Orleans (Louisiana) and Tampa (Florida), all of which are now served non-stop from Western Europe.

Non-stop flights to the U.S. West Coast from many European cities (some 5,400 miles) have *also* become possible, while one of the longest Atlantic non-stop routes of all, between Tel Aviv and New York (5,672 miles) is served by El Al of Israel.

But the main fascination of the route for the airlines will always be economic. The long-term prospects of profits will continue to beckon, despite the severity of the competition and the magnitude of current losses. There is little doubt as to the overcrowding on the route.

With some 47 airlines directly *involved* on a *regular scheduled* and charter basis, apart from ad hoc charter operations, it is estimated that on average there are never less than 100 airliners en route *daily* between the two Hemispheres, with perhaps as many as 150 a day in peak *summer periods*.

The fact that all of that traffic is carried in safety says much for the sophistication of the international air traffic control and monitoring techniques that govern every airliner's passage across those oceans.

The collapse of Laker and the demise of Braniff International last year caused little long-term disturbance to the traffic situation. The remaining operators picked up the pieces and moved on, while others moved in to fill the gaps. The transatlantic routes today are more crowded than ever before.

Overcrowding

It is this overcrowding, and the intense competition it is generating, that is one of the main causes of the airlines' losses. The over-capacity on the route is a serious problem. Precise figures for 1982 are not yet available, but it is estimated that although the airlines carried 18.6m passengers across the North Atlantic, they collectively offered at least 26m. seats, with an average load factor on scheduled flights of around 70 per cent.

The 7.4m empty seats represent the equivalent of some 18,500 400-seat Jumbo jets flying empty throughout the year, or about 50 a day.

Correcting this over-capacity situation is one of the most difficult challenges the airlines face, for a variety of reasons. One is that individual flag airlines are reluctant to cut capacity, for fear of losing market shares in an intensely competitive situation. Another is that the U.S. anti-trust laws preclude U.S. airlines from discussing capacity cuts.

It is only recently that the earlier *rigid U.S. stand against* multi-national fares discussions has enabled the IATA and non-IATA airlines, U.S. and non-U.S., to get together to work out a new pattern of fares on the route, with cuts in some of the cheapest rates from April 1 in a bid to stimulate traffic.

This follows a major breakthrough last year, when the countries in the European Civil Aviation Conference (ECAC) signed a Memorandum of Understanding with the U.S. allowing multi-national fares agreements *once more to take the place of* bilateral inter-governmental fares discussions, although for some countries in Western Europe the latter still prevail.

The pattern of traffic on the route has also changed dramatically in recent times, with a *marked swing back to* charter traffic, generated by consumers' desires for cheaper fares.

Cheap fares

It is partly in an attempt to divert some of this cheap-fare traffic back to scheduled services that the scheduled airlines are introducing cheaper Advanced Purchase Excursion rates of their own this summer.

The extent to which cheap fares have come to dominate the North Atlantic air route is shown by the IATA's statistics. In 1972, the proportion of all North Atlantic traffic accounted for by the broad range of "very cheap" seats—group inclusive tours, Budget, Stand-by, Affinity, Youth and other types of fare—was 40.3 per cent. By 1981, with the introduction in the interim of the Advanced Purchase Excursion type of fare, the proportion of cheap seats sold had risen to 60.2 per cent, of which Apex and Super Apex fares collectively accounted for about 42.1 per cent.

Clearly, the era of the very cheap Atlantic seat has come to stay.

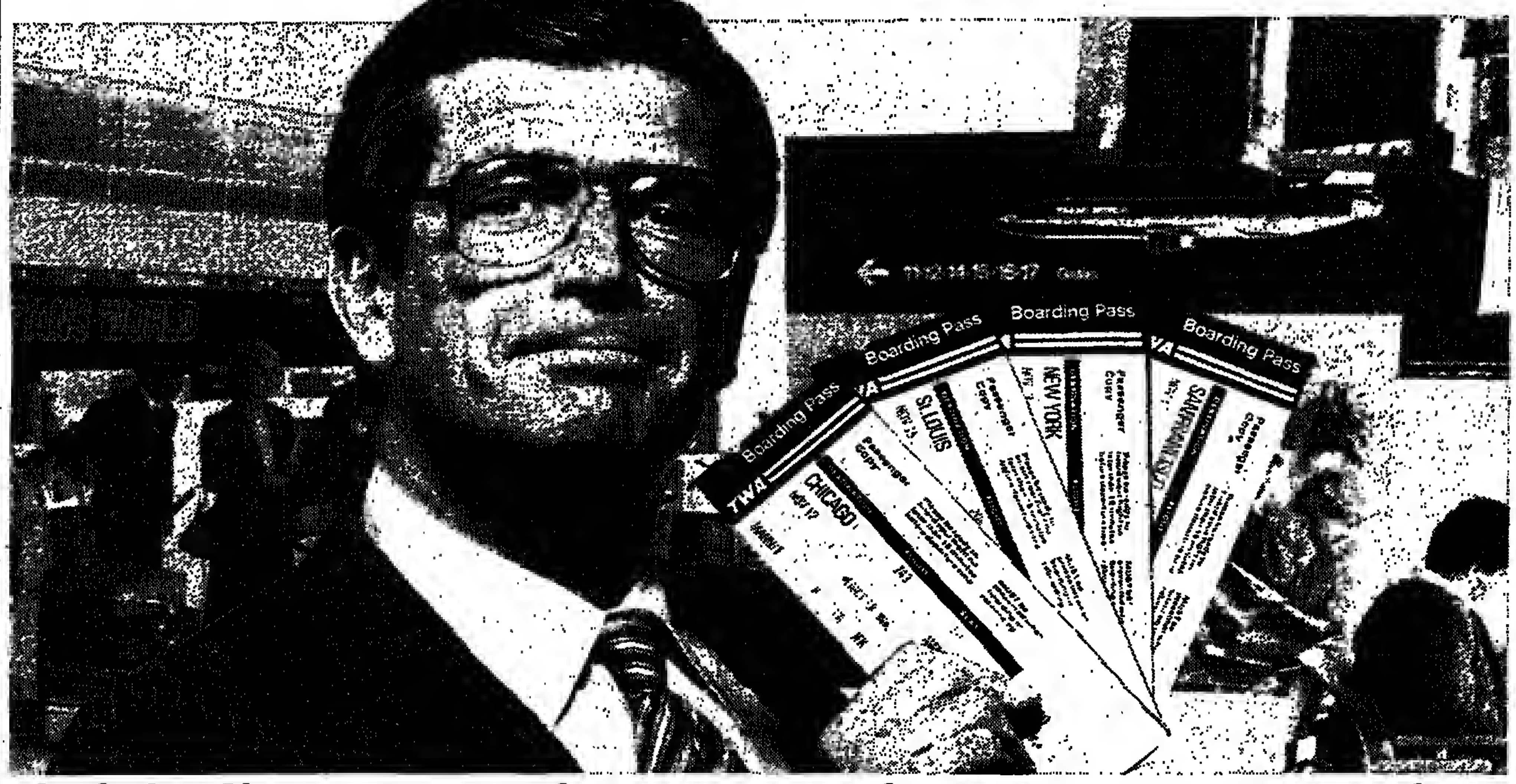
A more recent innovation on the route has been the introduction of a new class of fare—the "Business Class," called by various names in different airlines, but in general providing a fare and a standard of service that lies between the expensive first class, and the cheaper economy class and very cheap Apex and other rates.

As the name implies, this new class is designed to encourage business travellers who cannot afford the first class rates, but who still represent a substantial proportion of total travellers, and who might otherwise be forced to use the economy class rates.

Because of its comparatively recent introduction, precise details of the percentage of all North Atlantic travellers in 1982 using this class of service are not yet available for the route as a whole, but some airlines suggest that the users of business class could account for up to 30 per cent of their total traffic over the year.

One feature of the North Atlantic is the way in which first-class traffic remains constant, even with the introduction of Concorde supersonic services in 1978.

In 1972, first-class accounted for 4.8 per cent of all North Atlantic traffic. By 1981, it stood at 4.6 per cent, with another 1.3 per cent using Concorde. This indicates that there is a steady clientele for the luxury end of the transatlantic travel market, despite the very substantially higher rates charged for those services.



Lynton McLain reports on the emergence of a third compartment for passengers

Business moves into a class of its own

THE IN-FLIGHT class structure of airline operations on the busy transatlantic routes is set to evolve ever-more rapidly this summer towards almost universal three-tier services for passengers.

The greatest emphasis is certain to be on the competition to win passengers for the emerging third category of Super Club, Business Executive or Ambassador travel as the new class is variously called by the competing airlines.

This emerging class is sited in the aircraft cabin and in price and service terms midway between the established high quality first class service still offered by most airlines and the tourist or economy class, with its minimal level of service and low price tickets.

With policy on air fares and service frequencies between the U.S. and Europe largely determined through international agreements, and types of aircraft used being frequently the same, the major airlines on the trans-Atlantic routes have comparatively limited arenas in which to compete — such as standards of service.

This has precipitated the current intense and extremely bitter battle between airlines on the routes, where the fight for business is based on the quality of service they can offer. This is not controlled by inter-government agreement and the airlines are making vigorous efforts to beat the competition with ever-more attractive offers.

High yield

The most bitter battle of all is for the emerging "business" class, the high-yield service increasingly offered by airlines as they fight for survival on the North Atlantic.

The "extras" offered by competing airlines range from giving passengers more space — as in the six-abreast sleeper seats offered by TWA in its "Ambassador" class for business travellers — to improved food and wines, and a higher level of personal attention by cabin staff, with often also improved check-in and other facilities on the ground.

In the face of the decline in passenger traffic on most Atlantic routes last year, down 500,000 to 21m passengers in total (charter, scheduled, IATA and non-IATA carriers), the airlines are fighting vigorously for passengers in each of the three categories. Business class is, however, the sector most airlines are anxious to succeed in, judging from the increase in advertising and promotion for it and the steady stream of improvements in the quality of the service offered by airlines.

Behind this noticeable emphasis is a recognition by the airlines on the transatlantic routes, and other highly competitive routes too, that the days of the traditional two-class structure, first and economy only, may well be numbered.

The continued recession in international trade and the accompanying tightening of budgets, including travel budgets, are taking their toll on the volume of passengers prepared to or permitted to travel first class.

This was evident throughout much of last year. Some airline sources put the decline in the volume of passengers in first class cabins last year as high as 25 per cent. Others suggest that the decline was marked only in the last two months of the year.

What is not in doubt is that business travel as a whole on the transatlantic routes declined by about 15 per cent over the year as a whole, with first class "taking a hammering" according to a senior general manager in British Airways with a particular interest in monitoring the move away from first class.

The decline in total passenger traffic on the trans-Atlantic routes has masked some fundamental changes in the make-up of services. These changes are marked by the resurgence of charter airlines and the generally cheaper services they provide and the decline in the volume of passengers carried by conventional scheduled airlines.

It is generally thought that business class, as distinct from the business sector in general, was far more resilient than first class on the busy transatlantic routes.

One airline convinced this is the case is British Caledonian Airways which gets a quarter of its £350m revenue from North Atlantic services.

The independent airline has offered the new business class since 1978. It claims to have been the market innovator in setting out to provide a discrete service for the transatlantic business traveller who did not want, or was not permitted to pay, the first full class fare but who wanted and expected a high quality of service.

Especially important was the desire to be segregated from the rising tide of low-fare paying tourist passengers towards the back of the aircraft.

The argument was that just because a business traveller was not paying the full first class fare, he or she did not expect to suffer complete loss of status by being treated by an airline just like a low-fare paying tourist passenger.

Business class had to offer a level of service and space that the traveller would perceive was only marginally below first class, but which was distinctly up-market from tourist class.

Last year there was a "greater interest than there has ever been in business class," Mr Alastair Pugh, the managing director of British Caledonian Airways said recently. "There has been some trading up and a good deal of trading down, with first class becoming relatively less popular."

Figures from BCal for the third quarter of last year illustrate the market changes. Between Britain and the U.S., the number of scheduled passengers fell by 19 per cent over the period; first class passenger volume fell by 11 per cent, but the volume of passengers travelling business class rose 8 per cent.

Mr Peter Steel, the head of planning at BCal thinks first class travel could end if this pattern continues.

This is not BCal's intention. Nevertheless, it is conceivable that such a change could be made by other airlines.

This could be a way of increasing the proportion of the profitable "high yield" seats on an airliner, initially at the expense of first class. Later, when the business class was firmly established and well-patronised, assuming the recession ends, the airlines would be in a strong position to upgrade business class and hence justify an increase in ticket prices, perhaps back to the level of the old first class.

Glyn Genin

Passengers get what they pay for! Some idea of the luxury that awaits the first-class traveller is shown in this picture of in-flight cabin service aboard a British Caledonian DC-10-30 en route to the U.S.

BCal still has faith in the three-class system. Nevertheless, a thorough analysis going back several months has been carried out by the airline into "quite fundamental questions," including the future of its three-class system and the possibility of upgrading and down-grading classes.

The executive class has been re-examined and changes with a "wholesale product re-launch" are imminent in response to the growing competition for business-class traffic on the Atlantic routes, Mr Pugh says. BCal will apply the changes also to its South America, Mid-East and Far East routes.

The airline will not give details of the changes in advance, but it will be "innovative," says Mr Pugh. The changes are known to involve a substantial investment and may involve an upgrading of executive class to almost the standard of first class and upgrading still further the existing first class.

So far as British Airways is concerned, its strategy for fighting the competition on trans-Atlantic routes is to balance the high volume, low fare tourist passengers with more high yield, high-fare paying passengers.

The mid-Atlantic gateways as a whole provide some of the most lucrative routes and services for BA. The airline is reluctant to discuss its share of the market, but it has an impressive list of destinations and departure points in the region. The competition is from BWIA but BA carries the lion's share between the UK and the Caribbean, with 300,000 passengers a year on all its routes.

These include Antigua, St Lucia, Barbados and Trinidad, Bermuda, the Bahamas, Jamaica at Kingston and from May 1 a return of BA to Montego Bay.

The market between the UK and the Caribbean was up 12 per cent between April and December last year compared with the same period in 1981 and the airline forecasts continued "very good growth on the market." A fifth of BA's traffic on the routes is business, with the bulk, 55 per cent holiday traffic. The airline has no plans to change the in-flight passenger mix on the routes.

On the highly competitive North Atlantic markets, BA claims to have made an operating surplus, after interest payments for the April to December period last year. It forecasts that for the full financial year 1982-83, the North Atlantic routes should continue to make an operating surplus but "not after interest."

Decline

Business traffic, at an average for the routes of 40 per cent of all traffic, falls sharply in the summer to 10 per cent for BA. The airline expects to have carried a total of 1.75m passengers on its North Atlantic routes — with up to 75 flights a week — this financial year, based on actual carryings for April to December and forecast traffic for the rest of the year. This is an 8 per cent decline compared with the previous year, with a "marked decline in business travel on North Atlantic routes in both directions, down 15 per cent."

BA forecasts no passenger growth, "or only imperceptible growth" for 1983-84, on the £450m it generated in revenue from passengers and freight on the North Atlantic in the current financial year.

BA's Concorde supersonic services to New York and Washington continue to attract substantial numbers of business passengers, despite the "hammering" the first class market took on the Atlantic last year. Captain Brian Walpole, the BA general manager for Concorde, says 80,000 passengers were expected to be carried on Concorde in 1982-83.

This is 5 per cent down on the previous year, but BA Concordes are still expected to produce a £7m operating surplus by the end of the financial year on March 31.

Lufthansa, the West German national airline, plans to emphasise the "continuity and quality" of its services on the busy Atlantic routes this year, Herr Herbert Wendlik, the senior vice-president, marketing said recently.

The airline did not plan to "innovate" in its products this year and would continue, instead, to promote the image of "an airline you can bank on," Herr Wendlik said.

This strategy has resulted in an increase in Luthansa's market share of the high yield business passenger. "There was no increase in traffic at all last year but we increased our market share and made a profit," he said.

Pan American World Airways, another of the "big league" carriers on the North Atlantic, with 1.202m passengers last year, 23.92 per cent of the market, also claimed to carry its passengers at an operating profit, but no figures have been published.

Trans World Airlines also claims to have improved its performance last year, with more passengers carried between London and New York in 1982 despite a reduction overall of some 30 per cent in British travellers to the U.S.

On all its transatlantic routes, TWA also claimed to have made a "substantial profit," especially on those routes linking Britain with the U.S. The profit was "many millions of dollars."

Among other airlines, Air Canada launched its new "Intercontinental" services on February 1, after a Canadian $2m refurbishment programme on its long-range fleet of TriStar 1011-500 aircraft and its Boeing 747 Jumbo jets.

The airline changed the name of its business class to "Executive" class after installing first class seats. The tourist class "economy" became "hospitality" with free drinks and headseats for even the lowest fare-paying passenger.

Air Canada said the changes were a "redistribution of our efforts, with a great deal more money and effort put into areas where the customer comes into contact with us." This reflected the "re-thinking" that was going on in the industry, Mr Pierre Jeanniot, the executive vice-president and chief of airline operations said.

Delta Airlines is also to upgrade its first class and business class services on the North Atlantic between Gatwick and Atlanta. From March 15, the airline is to offer sleeper seats in its first class front cabin. At the same time, all its seats in its "Medallion" business class are to be change to domestic first class size seats.

"The capacity of the front first class cabin will be reduced from the current 18 standard first class seats to 12 sleeper seats," Mr Hollis Harris, Delta's senior vice-president passenger services said. Seat pitch, the distance between rows, will be increased from 38 ins to 55 ins.

The "Medallion" class will have eight-abreast conventional first class seats. The seat pitch will be 36 ins, only 2 ins less than the present first class service. This business class will also offer glass and china services and a choice of dishes, a service previously restricted to first class.

Japan Air Lines is to introduce a new class, known as the "Super Executive J Class," on flights from Japan to London and other European points. At the same time, the airline is to introduce improvements to its "executive class" for full-fare paying passengers.

The new "J" class will have improved seats in eight-abreast accommodation and on the Polar flights to Anchorage a choice of western dishes and between Anchorage and Tokyo, a choice of Japanese or western meals.

Non-stop

Among the independent airlines, Arrow Air of the U.S. is one of the latest to try and win traffic on the trans-Atlantic routes. The airline flies a twice-weekly, non-stop service between London, Gatwick and Tampa, Florida, using a DC-8 aircraft in a one-class, 204-seat configuration.

The unknown quantity on the business sector of the North Atlantic routes this summer is likely to be the proposed services of British Atlantic Airways.

This is the private airline being set up by Mr Randolph Fields, a U.S. citizen, to fly between London and New York with a one-class "business-class only" service. Mr Robert C. Booth, a former senior vice-president of Air Florida, is executive director and general manager.

British Atlantic Airways has applied to the Civil Aviation Authority to fly its luxury, one-class scheduled service. No date has been fixed for the public hearing and the airline has not submitted its financial information required by the CAA before the authority can fix a date for the hearing.

The aim of the new airline is to offer a new "upper class" service at one-third of the cost of a first class seat, but with luxury service standards for the 205 passengers on the proposed DC-10 instead of the usual 360 passengers carried on a mixed configuration airliner.

The airline estimates that its service, at a round-trip cost of U.S.$ 999 will add 3 per cent to the capacity on the North Atlantic. British Atlantic Airways says its chosen market is the "sophisticated, frequent flyer" and that its one-class service is tailored around the needs of this market.

Other airlines fighting for the lucrative high yield business traffic on the North Atlantic are already making contingency plans to fight the threat from British Atlantic Airways.

Michael Donne on the impressive record achieved by the industry

Why routes are among the world's safest

THE transatlantic air routes are not only among the busiest, but also among the safest in the world.

Since the end of the Second World War, when transatlantic flying began to develop rapidly, it is estimated that there have been well over 2m separate long-distance flights across the North Atlantic, with at least another 120,000 over the Mid-Atlantic and another 100,000-plus over the South Atlantic, the vast majority conducted in complete safety.

While over the past 38 years there have been some accidents to airliners on take-off or landing at the ends of the transatlantic routes, there have been less than a dozen in-flight disasters involving fatalities, and all those have involved piston-engined airliners. There have been no mid-flight losses of either turbo-propeller or jet airliners on transatlantic routes in that time, during which it is estimated that well over 250m passengers have been carried on the routes.

This remarkable record has been achieved by a meticulous attention to safety by aircraft designers and manufacturers, airlines, regulatory authorities, governments and international aviation organisations. Although profit is the principal economic objective of the air transport industry, the fundamental principle underlying every aspect of airline operations is to achieve the maximum possible safety.

Accidents do occur, but the fact that world-wide during 1982 some 765m passengers were carried in complete safety on scheduled air services, with an uncounted further number carried on non-scheduled operations, indicates the degree of success with which the air transport industry achieves in seeking safety.

The fundamental requirements for the safe operation of airliners flying in international airspace world-wide are governed by "Air Navigation Plans," drawn up by the International Civil Aviation Organisation (ICAO), the aviation technical agency of the UN.

Meticulous

In consultation with its 140-plus member-States world-wide it issues a regularly updated specific Regional Plan for each of nine regions which collectively blanket the world.

The plans set out in meticulous detail the internationally agreed requirements for consistent, regular, safe air navigation through the region concerned, covering such matters as the provision of aerodromes, air traffic control services, the availability of in-flight information services, telecommunications, radio navigation aids, meteorological services, search and rescue facilities, and various other aeronautical services.

Each contracting state of the ICAO is responsible under the ICAO Convention for the provision of the recommended facilities and services in its territory, and even beyond its territory where, for example, over-ocean international air navigation is required.

Inevitably, in parts of the world where member-States are less well endowed with cash for civil aviation purposes, implementation of the plans is less well advanced than in others. However, for the transatlantic air routes, the plans are among the most complex in the world, and among the most advanced in their implementation. It is this strict attention to detail that has contributed so much to the overall safety of the routes.

The ICAO Air Navigation Plan for the North Atlantic, North American and Pacific Regions, for example, which covers the air routes between Western Europe and North America, is a document nearly one-inch thick.

The existence of such an internationally agreed plan for the North Atlantic is essential, in view of the many countries whose airlines are engaged in transatlantic air transport. The liaison between those countries is generally regarded as being excellent, and the extensive implementation of the North Atlantic Air Navigation Plan is widely regarded as a model to be followed by countries in other regions of the world.

Implementation of the ICAO plan is significantly assisted by the International Air Transport Association (IATA), which represents 123 major airlines world-wide, including the majority of those who fly the transatlantic air routes.

Working closely with the technical aviation authorities of the individual countries of its member-airlines, the IATA ensures that implementation of the overall plan is as smooth as possible for the airlines. In the UK, for example, the Civil Aviation Authority, which is statutorily responsible for air traffic control services, works closely with the IATA to produce a "Minimum Navigation Performance Specification" for the guidance of aircrews flying the North Atlantic. This is periodically revised to take account of changing technological and other factors.

The MNPS, as it is called, sets out flight planning, air-ground communications and position reporting procedures and other matters to ensure that as far as possible all aircrews, no matter what their country of origin, have a standard operating technique to follow while flying the route. Without such a methodology, chaos could ensue.

Indeed, it is a little-publicised fact that the work of the IATA goes far beyond its immediately publicly recognisable fares-fixing function. Establishing fares and cargo rates represents only about 20 per cent of the IATA's work.

The other 80 per cent — the hidden face of the IATA— covers the myriad, legal, technical and operational matters, including safety, without which the world air transport network could not function. If the IATA did not exist, governments would have to invent it, and not least because of the major contribution that it makes to the implementation of air safety.

On the transatlantic routes, the monitoring of all aircraft en route is carried out by a series of Oceanic Control Centres, strategically located around the periphery of the ocean, and responsible for vast areas called "Flight Information Regions" or FIRs.

These FIRs are: Shanwick Oceanic, covering the Eastern Atlantic; Gander Oceanic, covering much of the central North Atlantic; Reykjavik in Iceland; Sondrestrom (Greenland) and Anchorage (Alaska) Oceanic, both covering a substantial area of the Arctic (for airliners flying the Polar routes to the U.S. West Coast or to the Far East); New York Oceanic; Miami Oceanic and Houston Oceanic (for much of the southern parts of the North Atlantic and the Gulf of Mexico); Santa Maria Oceanic (Azores) covering much of the south-eastern area of the North Atlantic; and Bodo Oceanic for Scandinavia. All these work closely with each other, and with local national air traffic centres in the countries bordering the Atlantic so that any airliner is monitored by one or another of the centres, as it makes its passage across the ocean.

Powerful

At edges of the oceans there are powerful radars that can pick up aircraft and precisely follow their tracks, but because no radar has the range to cover the entire vast area of the Atlantic, much of the monitoring is done by direct radio contacts with the crews in the aircraft.

This system has hitherto worked well, relying as it does on precise navigation and track keeping by the aircraft (aided in recent years by the development of new navigation systems such as Inertial Navigation or INS).

Technological improvements to the system continue. One of the latest to be explored by the ICAO is the possible use of satellites, especially on long over-water flights. The ICAO believes that a satellite data link between aircraft and ground control centres could provide high quality, reliable and virtually instantaneous communications which would be a substantial improvement over existing radio links.

Whether eventually the air transport community develops a series geo-stationary satellites of its own, positioned at fixed points over the earth's surface like other communications satellites, remains to be seen. The cost of such a system would be considerable and, although its technical benefits to air transport are beyond question, the problem of who would pay for the development of the system still has to be settled.

In the interim, the ICAO is recommending experimental use of existing satellites already provided by the International Maritime Satellite Organisation (Inmarsat) or the International Telecommunications Satellite Organisation (Intelsat), both of whom have extensive systems already established for international telecommunications and other purposes. The primary objective of the studies would be to determine the benefit of satellites specifically in areas of high traffic concentration over oceans or in other remote regions.

Hitherto, the long-range flights across the Atlantic have been traditionally performed by four-engined airliners, on the basis that the greater the number of engines, the safer the flight would be.

Now, however, as a result of the continuous technical improvement of both airframes and engines, the possibility of long-distance over-water flights by twin-engined aircraft is looming. Already both Boeing of the U.S. and Airbus Industrie of Western Europe have demonstrated the feasibility of long, non-stop flights by the Boeing 767 and A-300, both twin-engined aircraft, and the likelihood of Atlantic flights before the end of this decade by twin-engined airliners is growing.

TRANSATLANTIC AIR LINKS V

Arthur Sandles finds optimism in the travel trade

Preparing for new growth

AT FIRST glance, and perhaps even at second, holiday traffic from Europe to the U.S. took a considerable knock as the recession bit and the value of the dollar soared. There remains, however, throughout the U.S. tourist industry a realisation that in the late seventies the overseas markets "discovered" America and that such difficulties as currency fluctuations apart, foreign traffic is likely to remain a major source of business.

It comes as something of a shock to the chauvinistic European to talk to an American hotelier for the first time and find that in his list of potential markets, countries such as the UK and Germany are listed along with California and New York simply as custom generating areas if, for many, crucial ones. Thus: "our main markets are New York, Washington, the mid-West, Britain, Boston, West Germany. . . ."

Reduction

In New York, parts of Florida, and southern California, European traffic is an important factor for the hotel business, and thus currency changes are worrying things.

In theory, of course, the ebbs and flows of traffic as a result of currency fluctuations are little more than a administrative bother to the airlines. Ought not the reduction of the number of Europeans travelling when the dollar is high be balanced by a flood of Americans journeying to Europe?

Not quite. The truth is that while some routes might have predominantly U.S. customers—Houston perhaps—others like Miami rely heavily on European traffic, and sudden changes in currency values can produce sharp shocks for the airlines concerned. At the same time it is an unfortunate fact of marketing life that a sudden drop in the value of a currency might hit the traffic from the country concerned fairly quickly, but the replacement flow in the other direction takes some time to materialise.

Even this year, not looked upon by most as likely to be particularly wonderful for the travel industry, more than a million UK residents may go to the U.S. for their holidays. By any standards this still makes the UK a valuable market. It will probably still be more important than West Germany and continue the neck-and-neck battle with the Japanese for the title as the most significant overseas source of business. The defoiiiion deliberately excludes Mexico and Canada, although in both cases currency problems have weakened their significance.

The importance of the European market to many U.S. destinations, including Hawaii and Puerto Rico, is doubled by the fact that the travel pattern is rather different from that of the domestic market. Many American urban areas have excellent summer weather and their residents see no reason to leave town. They have golf courses and mountains already in abundance. It is in the winter that America wants to get away.

The British, Germans and Scandinavians, however, like to leave their own shores in July and August even although their own climates at that time are near perfect and the destination resorts are baking.

American airlines and hoteliers are prepared to overlook this apparent madness for its enables use to be made of facilities which might otherwise stand idle. In fact it is a good deal for all concerned. The hotels/airlines/rental companies get their custom and the holidaymakers get their sun.

Florida is the prime beneficiary of the hunt-for-the-summer-sun fetish among Europeans. Although the downturn in package tour traffic to Miami Beach may have been considerable, some of the losses in this area have been made up by attention having switched to the central areas of the state, notably Orlando and Tampa.

The other prime destinations for Europeans remain New York and the West Coast strip.

Popular

If there has been one major trend in European tourism to the U.S. over the past couple of years it has been the willingness on the part of customers to abandon the package tour concept on which much of intra-European custom is based, and which was such a major part of the early Florida boom from the UK in particular, and move to the more common U.S. practice of assembling offers from hotels, airlines car rental companies, Greyhound and Amtrack into their own tours.

Car rental, the use of the special internal air fare offers to foreign tourista and camper rentals have been proving particularly popular this year.

What remains to be seen is whether that backbone of early North Atlantic tourist traffic, and current European tourism, the charter flight, makes a major return to the scene. There are some charter flights on the Atlantic this summer, Jetsave and American Express were among the first to unveil programmes in the wake of the Laker collapse, but the scheduled airlines are determined to stop their spread. It is for this reason — airlines rarely behave kindly out of sheer benevolence — that air fares across the Atlantic have remained relatively low.

The problem for charter operators is not only the fact that TWA and British Airways will do all they can to scupper charter growth, but also the fact that a charter seriea is a massively expensive risk. With the effective departure of the 707 a company must move from no charter at all to one using a *wide-bodied* jet. The prospect of going from acratch to selling 250 seats a week to Orlando is a dauting one—too daunting for most.

The bulk of tour operating from Europe at the moment tends to be on a "helping hand" basis. The tour operator offers a range of flights — usually through his own bulk purchased seats on scheduled flights—a favourable car rental deal and a selection of hotela or self-catering accommodation. This is normal for U.S. residents coming to Europe but for the average European in fact presents a much wider selection of variables to choose from than is the case when buying a domestic, European, package.

Almost all people involved in the transatlantic holiday business are optimistic about future growth in both directions. There seems a near universal view that the dollar, while remaining healthy will shed what many regard as excessive value; that fuel prices will remain relatively atatic for the foreseeable future; that the economies of both the U.S. and Europe will show a nudging emergence from their present state; and that the desire for travel will itself grow.

It is on the basis that growth waits round the corner that many companies are persisting in a market from which they might otherwise have withdrawn.

Lynton McLain reports on the performance of cargo operators

End to rates war improves prospects

Glyn Genin

A Boeing 747 Freighter transshipping pallets at Gatwick Airport. Northwest Orient link Gatwick with North America airports using all-cargo 747s

OPERATORS in the transatlantic market for air cargo emerged at the end of last year in slightly better shape than many could have expected when they entered 1982. Then rate-cutting for transatlantic air cargo was rife and the depressed volumes of cargo that were carried were taken at a loss to the airline operators.

By and large the airlines have stopped the hopelessly uneconomic rates war. They have been able to do so partly because there has been evidence of some genuinely new air cargo traffic.

Also crucial to the greater stability of rates and the viability of transatlantic air cargo in a market made up of so many subsidised national flag carriers has been the tacit agreement among operators that the "lunacy" of rate-cuts had to stop.

Agreement

This agreement has not been widely publicised outside the air cargo market. It is not a formal arrangement and the airlines involved have considerable flexibility over rates.

The idea is a recognition that perpetual rate-cutting served none of the carriers' interests. They have agreed to try and carry cargo over the North Atlantic at rates of between 30p and 40p a kg. This is substantially above the 21p thought by many transatlantic airlines to be the minimum price necessary to break even.

Early last year, air freight rates over the North Atlantic fell as low as 12p for certain loads.

While the airlines and charter companies operating the route entered 1983 happier about rates, a new potential threat emerged with an unprecedented ruling from the UK Civil Aviation Authority.

Last month the CAA granted Tradewinds Airways — the British independent cargo carrier owned by Lonrho, the trading conglomerate—the first-ever scheduled service licences to a British all-cargo carrier.

The shock-waves this decision sent through the air cargo market in Britain are still evident. Unofficially British Airways estimates that it could stand to lose up to £30m in revenue if the Trade Department secures the necessary traffic rights from the countries for which the CAA has given Tradewinds Airlines licenses. In the current financial year, 1982-83, BA was budgeted to generate £200m from its air cargo and mail services, so the potential impact of the Tradewinds decision is considerable.

Under the ruling, Tradewinda has been licensed to fly scheduled all-cargo services to a total of 27 towns and cities in North America, Africa and the Middle East.

In North America, subject to a successful conclusion of the Trade Department negotiations with the U.S. and Canada, the airline has been licensed to fly to Toronto, Atlanta, Boston, Chicago, Detroit, Los Angeles, Miami, New York and San Francisco.

The airline wants to fly two services over the Atlantic each week to selected destinations, perhaps starting at the beginning of May. "These services will be in line with demand in the market, which we believe is present," Tradewinds say.

The airline is conscious of the current over-capacity on its chosen routes, but "we feel that this is a service which is needed by the UK exporter. We are optimistic that Tradewinds can still fill a gap."

The company emphasises that the services will be operated like a scheduled carrier, "but at a lower frequency."

"Our aim is not to penetrate deeply any particular market but seek no more than a minority share on any route," Mr Norman Curtis, the managing director, says.

Change

This marked change in the competition on the routes to North America, if given the go-ahead, will come after a year of mixed fortunes for air freight volumes on the transatlantic. On the North Atlantic sector, tonnage carried by airline members of the International Air Transport Association and charter airlines fell by an estimated 2 per cent last year to 821,158 tonnes.

On the South Atlantic sector, the tonnage fell sharply by over 7 per cent to 58,884 tonnes. In contrast, air freight tonnage on the mid-Atlantic routes to and from the Caribbean, rose by almost 9 per cent to 55,432 tonnes.

Charter cargo operations grew rapidly, with an increase of over 14 per cent in the air freight carried by charter airlines to 23,207 tonnes in the period to the end of September last year. At the same time, scheduled service cargo fell by almost 3 per cent to 616,333 tonnes.

Lufthansa, the West German national airline, took a potentially important initiative earlier this year, through its membership of the cargo sub-committee of IATA's traffic committee, to try and get greater flexibility into the system of commisaions of air cargo agents.

These agents have received 5 per cent commission for about 30 years and, although Lufthansa is not seeking a complete free-for-all for agent's commission, it does want an analysis of the subject.

The airline believes that the present flat percentage for all IATA cargoes worldwide "does not meet today's market conditions." Its proposal for an IATA working group to examine the idea of higher commissions for agents to help "stimulate all sales forces" was accepted by IATA's cargo sub-committee last month.

Lufthansa earns about 22 per cent of its revenue from its cargo operations, representing a total turnover from cargo of DM 1.46bn last year.

For *Lufthansa*, the international and domestic West German cargo market grew last year by approximately 6 per cent to 7 per cent in both revenue and tonne-kilometre terms. The profit, however, remained static.

Herr Karl-Heinz Neumeister, the Lufthansa general manager for cargo and mail, doubts whether IATA rates in cargo do more than "orientate people." He says the airline would be in favour of "any and every clean-up in rates, with everybody quoting the same rate." This was the "most desirable" aspect of cargo rating for Lufthansa.

On this basis, the quality of service would become the only variable "but we have to face up to the fact that there will be no IATA harmonisation on prices in cargo."

Cargo rates on the North Atlantic, "the number one market for price competition," are "more in line with market conditions than other markets." Herr Neumeister says.

He describes the current contract rates of DM 1.70 per kg—as "fairly realistic and possibly giving a small profit margin, of about 5 per cent."

Lufthansa claims to carry 71,000 tonnes of air freight both ways across the North Atlantic in the period to the end of October last year, making it the leader in the market among scheduled passeoger airlines. Flying Tiger, the all-cargo U.S. carrier, carried 85,000 tonnes on the route. Pan American World Airways was next in Lufthansa's rating based on IATA figures, with 67,000 tonnes; KLM Royal Dutch Airlines carried 57,000 tonnes; and Air France 52,000 tonnea.

British Caledonian Airways carried 14,937 tonnes of freight, 34 per cent of the airline's total air freight carryings, with the greatest load factors, 85 per cent, westbound out of Gatwick airport compared with 60 per cent eastbound from the U.S.

Export scheme

For British Airways, the Atlantic represented 27 per cent of its world-wide cargo revenue of about £200m last year, the first full year since it sold its single Boeing 747 all-freighter aircraft which gave it 25 per cent of the westbound market.

The airline introduced its guaranteed export scheme, with a money-back guarantee for exporters whose cargo of less than 50 kg did *not fly on the* agreed flight last autumn, largely to reassure the market that BA still intended to be a force in the cargo market on the Atlantic.

The airline's share of the marker westbound on the North Atlantic fell to about 23 per cent after the sale of the all-freighter 747. The guaranteed exports scheme, however, boosted BA's revenue on the whole Atlantic market to the end of December by 6 per cent. BA had to pay back on only 1.5 per cent by value of its consignments.

Mr Colin Mitchell, the BA general manager, cargo, says the exports scheme helped boost BA tonnage by 2 to 3 per cent "without the 747 freighter." The Atlantic market as a whole was "stable and buoyant while other air freight markets have been in decline. BA increased its market share without the freighter."

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		March Vol.	March Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
O FL C	F.960	8	9.40	--	—	—	—	F.269.50
D FL C	F.265	1	4.40	6	7	—	--	"
O FL C	F.275	4	0.60		-	—	--	"
O FL C	F.280	-	-	8	2.10	—	—	"
O FL C	F.205	4	0.40		-	—	--	"
D FL P	F.260	3	0.50	2	4.50	—	—	"
O FL P	F.265	76	1.00	1	7.50	2	12.50	"
O FL P	F.275	1	6.50	20	13	—	—	"
		May		Aug.		Nov.		
COLD C	$350	8	82	--	—	—	—	$415
COLD C	$475	1	60	—	--	—	—	"
COLD C	$400	64	42	3	66	—	—	"
COLD C	$425	129	36	27	52 8	--	--	"
GOLD C	$450	750	28	80	41	8	56	"
GOLD C	$475	111	20	74	55	7	46	"
COLD C	$500	184	13	89	00	20	35	"
GOLO C	$550	286	7	52	17	15	85	"
COLD P	$350	239	5	-	—	-	—	"
GOLD P	$075	291	8.60	--	—	--	--	"
GOLO P	$400	710	19 A	46	85	--	—	"
GOLD P	$425	100	24	0	36.90	--	—	"
COLO P	$450	755	45	21	48	5	54	"
COLD P	$475	9	63 8	5	63 8	—	—	"
COLD P	$500	18	82	3	82	—	—	"
GOLD P	$550	8	132	-	—	—	—	"
12¼ NL 81 87 91								
C	F.127.50	--	--	6	7	—	--	F.134.70
C	F.100			200	5.20	200	5.50	"
C	F.135	02	2.80	100	2.80	—	—	"
C	F.140	—		1	2	—	--	"
P	F.100	15	1.30	—	-	—	—	—
10¼ NL 80 86.95								
C	F.107.50	-	-	2	2	--	—	F.119.50
C	F.110	--	-	5	6.20	--	—	"
C	F.112.50	8	3.80	6	4.30	—	—	"
11¼ NL 82 86 92								
C	F.115	420	0.50	—	—	—	—	F.116.90
C	F.117.50	176	1.80	—	—	0	2.60	"
C	F.120	50	0.70	-	—	—	—	—
P	F.115	400	0.80	—	--	--	--	"
P	F.117.50	40	2.60	—	—	--	—	"
10 NL 82 86-89								
C	F.107.50	100	5	—	—	—	—	F.112
7¾ NL 82 89-23								
C	F.102.50	—	—	20	1.60	—	—	F.101.20
P	F.100	200	0.80	—	—	—	--	"
P	F.102.50	952	2	—	—	—	--	"
7½ NL 60 87-90								
C	F.27.50	—	—	2	3.60	—	—	F.100.50
C	F.102.50	10	0.60	—	—	—	--	"
P	F.100	12	1.00 B	—	—	—	—	"
		April		July		Oct.		
ABH C	F.020	—	—	54	21 8	—	—	F.334
ABN C	F.340	-	—	104	11	--	—	"
ABN P	F.340	50	14	--	--	—	--	"
AKZO C	F.45	—	—	49	4.30	—	—	F.44.90
AKZO C	F.50	—	—	56	8.40	—	—	"
AKZO P	F.40	—	—	86	1.60	—	--	"
AKZO P	F.45	46	2.50	—	-	—	—	"
AMRO C	F.46	191	4.70	81	8.50	—	--	F.49.40
AMRD C	F.50	282	2	122	5.10	—	--	"
AMRO P	F.40	018	0.40	—	—	—	—	"
AMRO P	F.45	114	0.90	—	--	—	—	"
CIST C	F.140	112	8	—	--	-	—	F.188
HEIN C	F.120	76	3.50	-	—	--	—	F.110.80
HEIH P	F.120	100	9.50	-	—	—	—	"
HOOG C	F.17.50	49	2.80	—	—	—	—	F.19.90
KLM C	F.160	136	8.40	--	--	--	—	F.157.09
PHIL C	F.27.50	23	7.40	50	7.40	—	—	F.34.80
PHIL C	F.00	137	4.90	260	5.20	90	6.50	"
PHIL C	F.32.50	95	3	24	3.90	70	5	"
PHIL C	F.35	75	1.60	80	9.70	100	3.80	"
PHIL C	F.40	109	0.70	65	1.20	48	2	"
PHIL P	F.32.50	0	0.50	186	1.00	80	1.50	"
PHIL P	F.35	65	1.80	9	2.50	--	—	"
RD C	F.100	75	3	82	4.70	18	6	F.25.00
RO C	F.110	249	0.80	4	2.00	0	0	"
RD P	F.60	63	1.40	42	0.60	13	5.30	"
UNIL C	F.180	50	14.50	—	-	--	-	F.121.50
UNIL C	F.220	34	1.50	66	3.50	—	—	"

TOTAL VOLUME IN CONTRACTS 11,772

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls April	Calls July	Calls Oct.	Puts April	Puts July	Puts Oct.
BP (USP 008)	260	50	—	—	3	—	—
" "	880	30	--	—	8	—	—
" "	300	18	50	40	18	24	28
" "	530	6	16	86	48	44	48
" "	360	9	6	—	70	72	—
CGF (U2P 489)	090	102	110	—	0	5	—
" "	420	78	80	—	2	15	—
" "	460	47	57	70	20	54	45
" "	500	23	37	50	37	58	65
" "	550	10	20	34	77	87	27
" "	600	4	10	18	122	130	137
CTD (USP 86)	70	18	20	09	1½	2	3½
" "	80	9	12	14	0	4	6
" "	20	4	6	8	8	10	11
CUA (USP 134)	120	16	18	—	0	5	—
" "	130	7	11	16	8	8	10
" "	140	0	6	11	16	18	17½
" "	160	1½	3	6	35	36	37
GEC (USP 200)	180	26	34	37	3	6	8
" "	197	16		—	7	--	—
" "	200	—	22	87	—	15	21
" "	217	7	—	—	21	-	--
" "	820	--	19	17	—	28	37
" "	237	0	—	—	40	—	--
" "	240	-	6	—		45	—
" "	060	1	4	—	62	62	—
CMH (USP 081)	040	9	—	--	1	-	—
" "	260	104	--	—	1	-	—
" "	980	84	89	—	1	3	—
" "	300	64	68	—	5	4	—
" "	300	07	46	51	5	7	10
" "	360	12	22	36	15	18	02
" "	390	8	18	03	34	36	38
ICI (USP 360)	060	122	—	—	2	—	—
" "	280	108	—	—	2	—	—
" "	300	82	99	—	2	3	—
" "	330	50	62	—	4	5	—
" "	060	32	42	52	2	15	18
" "	020	14	26	36	26	00	34
" "	420	6	14	30	52	54	58
LS (U2P 002)	240	68	—	—	2	—	—
" "	260	42	55	62	2	4	7
" "	880	22	36	44	5	8	12
" "	300	15	24	30	11	16	19
" "	330	6	14	21	28	00	35
M & S (USP 202)	160	45	—	—	1½	—	—
" "	180	27	32	38	3	6	8
" "	200	13	21	27	10	19	17
" "	220	6	10	16	93	26	29
" "	240	2½	5	—	41	44	—

Option		Calls Apr.	Calls Jul.	Calls Oct.	Puts Apr.	Puts Jul.	Puts Oct.
SHL (USP 420)	360	64	—	--	—	--	-
" "	390	34	44	82	7	11	16
" "	420	16	26	36	88	26	58
" "	460	4	8	16	50	54	68
		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
BBL (USP 448)	360	23	25	—	2	6	--
" "	390	63	66	-	6	10	—
" "	420	35	40	50	13	18	07
" "	460	17	85	35	34	45	50
IMP (USP 114)	80	87	—	—	1	—	—
" "	100	17	—	--	1	—	—
" "	110	12	18	00	4	5½	8
" "	120	6	10	14	9	11	10
" "	100	2½	5	7	17	19	21
LMD (U2P 248)	220	40	47	55	10	18	22
" "	240	30	40	46	20	50	35
" "	360	80	30	35	30	40	42
" "	280	14	16	23	45	52	57
" "	300	5	11	—	65	70	—
" "	050	2½	5	—	95	97	--
" "	360	2	--	--	125	—	—
" "	590	2	—	—	165	--	-
LNR (U2P 81)	80	7	9	12	4	6½	8½
" "	90	3	6	7	12	14	16
" "	100	1	3	4	81	93	85
P & D (USP 188)	100	35	34	--	1	2	—
" "	110	90	25	--	2	4	-
" "	120	16	18	88	4	2	12
" "	160	8	10	14	8	14	18
" "	140	3	—	--	13	—	-
" "	160	1	—	—	02	—	—
RCL (USP 447)	420	47	60	70	6	10	15
" "	460	05	55	47	27	57	47
" "	500	9	20	28	60	64	73
" "	550	4	10	—	109	107	--
" "	600	1½	6	--	156	157	—
" "	650	1	-	—	205	—	-
RTZ (U2P 509)	390	124	--	--	1	2	-
" "	420	94	97	—	2	-	--
" "	460	60	70	—	10	18	--
" "	500	37	47	57	00	40	50
" "	550	16	23	32	54	67	72
VRF (USP 5102)	60	47½	--	—	1	—	—
" "	70	9	—	-	1	--	-
" "	80	8	—	-	3		-
" "	90	17½	21½	-	6	7	--
" "	100	11	15½	16	10	12	13
" "	110	7½	10	14	13	18½	19½
" "	120	4½	7½	10½	20	24	26
" "	100	0	4½	7½	28½	30	33
" "	140	1½	3	5½	38½	40	43

Mar. 1 Total Contracts 1,591 Calls 1,204 Puts 387

هكذا اصل الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd.	215.60		...	—
Managed Inv. Fd	147.51	155.28	...	—
Property Fd	145.15	152.79	...	—
Fixed Interest Fd	132.45	139.43	...	—
Cash Fd	131.15	138.06	...	—
Income Fd	149.55	157.42	...	—
Extra Income Fd	140.91	148.33	...	—
Worldwide Growth Fd.	193.14	203.26	...	—
Balanced Fd	157.84	166.15	...	—
Smlr Co's & Recy. Fd	184.86	194.59	...	—
Int. Technology Fd	223.97	235.76	...	—
Nth. Amer. & Gen. Fd.	139.77	147.13	...	—
Energy Int. Fd.	89.87	94.60	...	—
Pacific Basin Fund	114.76	120.80	...	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	94.2	99.2	...	—
International	107.1	112.7	...	—
Property	103.3	108.8	...	—
Deposit	95.8	100.9	...	—
Fixed Interest	94.2	99.2	...	—
Managed	100.3	105.6	...	—
Equity Pens Cap	93.5	98.5	...	—
Intnl. Pens. Cap	109.5	115.3	...	—
Property Pens Cap	105.1	110.7	...	—
Deposit Pens Cap	95.5	100.5	...	—
Fixed Int Pens Cap	93.6	98.5	...	—
Managed Pens Cap	100.4	105.7	...	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth March 1		85.2	...	—
Rtmt. Fed. Feb 8		224.8	...	—
Managed Pen Fund	163.5	172.1	...	—
Property Pen Fund	110.0	115.8	...	—
Index Lnkd Pen Fund	119.5	125.8	...	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 0131

G.T. Plan Bond Fund	121.9	128.4	-0.2	—
GT Pln High Yld Fnd	108.0	113.7		—
GT Plan Far East Fnd	97.9	103.1	-0.2	—
GT Pln N Am Fund	131.3	139.3	-1.7	—
GT Pln UK&G.E. Fnd	120.7	127.1	-2.2	—
GT Pln Wrldwde Fnd	119.3	125.6		—
GT Pension Bnd Fnd	128.1	134.9	-0.1	—
GT Pen High Yld Fd.	121.3	127.7		—
GT Pen Far East Fd	103.9	109.4	-0.2	—
GT Pen N. Am. Fd	193.5	203.7	-2.2	—
GT Pen UK & G E Fd	134.0	141.1	-2.6	—
GT Pen Worldwide Fd	126.6	133.3		—

Assicurazioni GENERALI S.p.A.
111, Fenchurch St., EC3M 5DY 01-488 0733

Intl. Managed Bond	158.9	161.3		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc		228.3		—
Portfolio Fd. Inc		193.8		—
Portfolio Fd. Cap		220.8		—
Investment A Uts	225.2	240.3		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 5EU 01-377 1122

Flexible Finance		1,413		—
Landbank Secs		62.7		—
Landbank Scs. Acc.	172.4	116.8		—
G. & S. Super Fd.		£10.632		—

Guardian Royal Exchange
Royal Exchange, E.C.3 01-283 7101

Guardian Assurance

Property Bonds	298.1	311.1		—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

"Asset Builder"	61.2	64.4		—

London Indemnity & Gnl. Ins. Co. Ltd.
18-20, The Forbury, Reading 583511.

Money Mngr Feb 28	56.2	59.9		—
MM Flexible Feb 28	48.2	50.8		—
Fixed Interest Mar 7	52.8	55.7	+1.3	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

Equity	203.9	210.8	-4.0	—
Fixed Interest	152.5	153.2	-0.7	—
Property	159.7	163.4		—
Deposit	137.0	137.8	+0.1	—
Mixed	176.1	179.1	-1.6	—
Indexed Stk	113.4	113.9	+0.7	—

London Life Managed Funds Ltd.

Equity (P)	144.0	149.0	-4.0	—
Fixed Int. (P)	152.9	154.0	+0.4	—
Property (P)	116.5	120.5	+0.2	—
Deposit (P)	115.3	115.3	+0.2	—
Mixed (P)	138.0	142.1	-1.7	—
Indexed Stock (P)	119.5	120.3	+0.8	—

London & Manchester Co.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invst. Tst. Fd. Cap.	264.5	—	+0.5	—
Invst. Tst. Fd. Acc.	273.2	—	+0.5	8.6

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU.

Property Fund		281.1		
Property Fund (A)		274.0		
Agricultural Fund		1049.9		
Agric. Fund (A)		1024.4		
Abbey Nat. Fund		227.4		
Abbey Nat. Fd. (A)		221.6		
Investment Fund		126.4		
Investment Fund (A)		124.0		
Equity Fund	374.1			
Equity Fund (A)	361.9			
Money Fund		206.3		
Money Fund (A)		202.8		
Actuarial Fund		195.5		
Gilt-edged Fund	179.6			
Gilt-Edged Fd. (A)	179.6			
Retire Annuity		340.0		
Immed. Anny		194.0		
International Fd.		234.5		

Property Gth Pens. & Annuities Ltd.

All Weather Ac. Uts	225.1			
Inv Fd Uts		260.4		
Pension Fd. Uts		236.0		
Conv. Pens Fd		265.7		
Cnv. Pns. Cap. Ut.		203.7		
Man. Pens. Fd		297.3		
Man Pens. Cap. Ut.		236.4		
Prop. Pens. Fd		265.3		
Prop Pens Cap. Uts.		206.0		
Bldg. Soc. Pen. Ut.		236.3		

OFFSHORE AND OVERSEAS

Westavon Secs. (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd	96.0	101.0	-2.0	3.00

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.95	—	-0.27	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10 St George's St., Douglas IoM 0624 25015

Wren Com. Fund	39.9	41.6	...	3.10
Chinese Fund	92.8	96.5	...	1.70
Precious Metal Fund	150.4	156.3	...	0.30
Vanguard Cmdy. Fd	45.9	46.5	...	2.26
Financial Futures Fd	121.8	126.7	...	—
Wren Intl. Fnd *	$1.016	1.058	...	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rate of NAV increase.

FT COMMERCIAL LAW REPORTS

Interest payable on interest in limited liability

GARDEN CITY (2)

Queen's Bench Division (Admiralty Court): Mr Justice Parker: February 25 1983

WHERE A shipowner pays money into court at the outset of limitation proceedings in respect of collision at sea, such sum being correctly calculated as the limitation figure at date of payment in, together with interest from date of collision, the court may order, when limitation is ultimately established, that accrued interest on the interest on that sum be paid out to the defendants in the same proportion as the sum itself is paid out.

Mr Justice Parker so held when giving judgment for the defendants, Atlantic Maritime Company, owners of the Garden City, and others, on a summons by which the plaintiffs, Polish Steamship Company, had sought an order that interest on interest on money paid by them into court at the outset of limitation proceedings, was not payable out to the defendants.

Section 503 (1) of the Merchant Shipping Act 1894 as amended provides: "The owners of a ship . . . shall not, where . . . occurrences take place without their actual fault or privity . . . be liable to damages beyond the following amounts . . ."

Section 1 (4) of the Merchant Shipping (Liability of Shipowners and Others) Act 1958 provides: "Where money is paid into court in respect of any liability to which a limit is set . . . the ascertainment of that limit shall not be affected by a subsequent variation . . ."

* * *

HIS LORDSHIP said that on April 27 1978, Polish Steamship commenced a limitation action under section 503 of the Merchant Shipping Act 1894 as amended, in respect of a collision between their vessel and the Garden City for which they were 60 per cent to blame.

The following day they paid £692,000 into court. That was comprised of the limitation figure correctly determined as at that date, and interest on the limitation figure from date of collision to April 30 1978. The amount paid in was placed on short-term investment account.

Judgment was given 13 years after the collision and four years after the limitation action was launched, and Polish Steamship successfully established its right to limit its liability (*FT, March 12 1982*).

*

The total amount that had been paid into court was paid out on December 1 and distributed in specified proportions to the defendants.

No order was made, however, with regard to interest. The purpose of the present proceedings was to decide to whom interest should be paid.

By November 30 1982 the total interest accrued on the sum paid into court was £534,904 and that had since remained in court earning further interest.

Mr Aikens, for the defendants, contended that all accrued interest should be paid out to the defendants in the same proportion as the amount paid into court, either as a matter of entitlement or of discretion.

Mr Brice, for Polish Steamship, contended that the court had no power to order payment to the defendants of more than simple interest earned on the principal sum between payment in and decree and thereafter all interest on the total of the amount paid in plus such amount of simple interest.

Under the *Responsibility of Shipowners Act 1813* the basic system was that as a condition of a shipowner's right to pursue his limitation action, he paid into court at the outset his own sworn estimate of the limited amount, and the fund thereby created, together with all interest, would go to the claimants.

Those provisions disappeared when the 1813 Act was replaced by the Merchant Shipping Act 1854, and had not since reappeared.

There was no incentive for a plaintiff to pay into court until the Merchant Shipping (Liability of Shipowners) Act 1958. The effect of section 1(4) of that Act was to provide the plaintiff with a means of protecting himself against a fall in the value of the pound.

It was clear from the authorities that the limitation figure could, at the option of a plaintiff, be frozen at date of payment in. The defendants had no say in the matter, and could thus be made subject to the risk of a fall in the value of the pound.

The intention of the 1958 Act was that a plaintiff shipowner who ultimately established his right to limit and who had paid in the full amount of the limitation figure, should be treated as having satisfied his obligation.

It followed that any interest earned on the money in court was no concern of his and belonged as a matter of entitlement or discretion to the defendants.

The plaintiff, by paying in, put a final limit on his liability. He would never have to pay out more. If the limitation figure increased thereafter, the defendants would be deprived of the benefits of the increase and of the interest on the increased amount.

There appeared to be no justification for saying that, having already had his claim to principal limited by statute, the defendant should suffer that further burden merely because to allow him the full interest would involve his receiving interest upon interest. The justice of the case lay plainly in favour of all interest being treated as part of the limitation fund and distributed accordingly.

*

Having regard to *Funabashi [1972] 1 Lloyd's Rep 371* and *Techno Impex [1981] 1 Lloyd's Rep 587, 593, 603*, it was clear that the Admiralty jurisdiction to award interest was an equitable jurisdiction; that compound interest could be awarded; that in general the basis of an award was that the defendant had had the use of the money and the plaintiff had been kept out of it; and that in special circumstances the court could depart from such principle.

*

In the present circumstances, the question was not one of awarding interest, but of deciding on the destination of interest. That interest was earned upon money paid into court with the intention of discharging what would have been the plaintiff's maximum obligation had there been a decree on the date of payment in.

If there had been such a decree, and if the money had been promptly paid in, all interest thereafter would have been distributable to the defendants.

That being so, and bearing in mind that by the payment in the plaintiff protected himself against a possible increase in the limitation figure with the attendant increase in interest, it was both right in equity and consistent with the general principle that all interest thereafter should accrue to the defendants, as it would have done between 1813 and 1854.

When a payment in had been made all interest should be distributed among the defendants in the same proportion as the original amount paid in.

His Lordship so ordered, proceeding on the basis that since the award of interest in the first place was discretionary, it followed that the fate of any interest earned upon interest must also be discretionary.

For Polish Steamship: Geoffrey Brice QC and Lloyd Lloyd (Elborne Mitchell and Co.).

For the defendants: Richard Aikens (Waltons and Morse, Holman Fenwick and Willan, Clyde and Co., Guildford).

By Rachel Davies
Barrister

Carrier must prove his lack of fault

THE TORENIA

Queen's Bench Division (Commercial Court): Mr Justice Hobhouse: February 18 1983

WHERE GOODS are carried under a bill of lading contract and are lost at sea the carrier, in defence to a claim for non-delivery, must not merely prove the loss, but must also prove that it was not due to his fault or was due to his excusable fault.

He cannot disclaim responsibility on the ground of peril of the sea unless the peril was the sole cause of the loss, and if he asserts that it was caused by a combination of peril and defect in the vessel, he will be liable unless he can prove that the defect was latent and undiscoverable by due diligence.

Mr Justice Hobhouse so held when giving judgment for cargo-owners, Aktieselskbet de Danske Sukkerfabrikker, in their claim against Bajamar CIA Naviera SA, owners of the Torenia, for non-delivery of a cargo of sugar.

* * *

HIS LORDSHIP said that the Torenia, a 21-year-old vessel, was chartered to carry a cargo of sugar. She loaded at Guayabal, Cuba. Two bills of lading were issued, and the freight was paid.

On April 4 1979 the vessel set sail for Denmark. She ran into high winds and rough seas. The weather conditions were of a type well within the contemplation of the shipowners as liable to be encountered during the voyage.

The vessel rolled and listed. There was a major failure in her port side shell plating. Leakage became uncontrollable, and she was abandoned. She sank on April 19 and she and the cargo were totally lost.

The cargo owners were the endorsees of the bills of lading issued at Guayabal. They claimed £1.02m, being the value of the cargo, plus interest.

The shipowners admitted non-delivery of the cargo, but submitted, *inter alia*, that their initial burden of proof was satisfied by (a) proving that the goods no longer existed and that the contract had therefore become impossible of performance, or (b) proving that perils of the sea operated to cause the loss.

They said that when they discharged that burden of proof, the burden passed to the cargo owners to prove whatever fault caused the loss.

The subject-matter of the submission was the legal burden of proof, not the evidential burden of proof. The test was, what did each party need to allege?

In the *Glendarroch [1894] P 226, 231*, Lord Esher MR said: "Each party would have to prove the part of the matter which lies upon him."

The relationship between the parties was contractual. It followed that the legal burden of proof must be decided by construing the contract. In ascertaining the effect of the contract, one must take its nature into account.

The contract was contained in a bill of lading. It was a contract of carriage—a species of contract of bailment. It was not a mere contract for the carriage of goods.

Charterparties were typically contracts for the carriage of goods. They were executory. They were intended to give rise to bailments but were not normally the contract of bailment itself.

*

It was only because the contract in the present case was a contract of bailment that the cargo owners set up a sustainable cause of action by proving non-delivery. It was then for the shipowners to set up a sustainable defence. Mr Pollock, for the shipowners, argued that he set up a sustainable defence merely by proving the loss of the goods.

In *Spurling v Bradshaw [1956] 1 WLR 461, 466* Lord Justice Denning said: "A bailor by pleading and presenting his case properly can always put on the bailee the burden of proof. In the case of non-delivery, for instance, all he need plead is the contract and a failure to deliver on demand. That puts on a bailee the burden of proving either loss without his fault, or if it was due to his fault, it was a fault from which he is excused."

That statement of the law followed similar statements in earlier cases, and was expressly approved by the Court of Appeal in *Levison v Patent Steam Carpet Cleaning [1978] 1 QB 69*. Also, the drafting of Article IV rule 2 of the Hague Rules, and in particular paragraph (q), confirmed that there was a further burden of proof on the carrier even where the goods were lost.

*

Mr Pollock's first argument was therefore rejected. His second argument invoked Article IV rule 2 (g) of the Hague Rules, which provided that the shipowners should not be responsible for loss resulting from "perils, dangers and accidents of the sea."

He said that if there were any question of unseaworthiness it was for the cargo-owners to allege and prove it, and to prove its causative effect.

The submission must fail. The facts were not that the vessel was overwhelmed by an exceptional storm or other peril within Article IV rule 2. The case made by the shipowners was that her shell plating sprang a leak through some defect in her structure. Therefore the perils of the sea were no more than a cause operating within another cause.

Where the facts disclosed that the loss was caused by the concurrent causative effects of an excepted and a non-excepted peril, a carrier remained liable. He only escaped liability to the extent that he could prove that the loss or damage was caused by the excepted peril alone.

The shipowners had proved, as concurrent causes, perils of the sea and a defect which was not an excepted peril, in that it did not satisfy the criteria of paragraph (p) of the rule. There was nothing in the drafting of rule 2 which would justify the conclusion that the shipowners were relieved of liability.

If it did not suffice for a carrier merely to prove that a cause of the loss was a peril of the sea, it followed that it did not suffice for him to prove that the causes were, in combination, a peril of the sea and a defect—unless it were shown to be a latent defect undiscoverable by due diligence.

The evidence showed that the shipowners traded the Torenia with a view to maximising her earnings at the cost of a proper maintenance programme.

The vessel was unseaworthy by reason of corrosion at the commencement of the voyage. That unseaworthiness was the most significant cause of the loss. It was not latent, nor was it undiscoverable by due diligence.

Due diligence was not exercised. It followed that the shipowners were liable.

*

A shipowner might limit his liability where he proved that the loss had taken place without his actual fault or privity. The attitude shown by the shipowners' management was almost one of indifference. They manifestly had not discharged the burden of proof which was on them, of proving absence of fault or privity.

On the balance of probabilities, the loss of the Torenia and her cargo was contributed to by the actual fault of the shipowners.

Judgment for the cargo-owners for the full amount of their claim.

For the shipowners: Gordon Pollock QC and Jeffrey Gruder (Holman, Fenwick and Willan).

For the cargo-owners: Bernard Rix QC and Iain Milligan (Clyde and Co.).

By Rachel Davies
Barrister

U.S. QUARTERLIES

B. C. RESOURCES

Fourth quarter	1982 C$	1981 C$
Revenue	182.2m	224.2m
Net profits	†16.8m	1.3m
Net per share	†0.10	0.01
Year		
Revenue	694.1m	860.8m
Net profits	†31.3m	42.5m
Net per share	†0.34	0.44

† Loss

HARCOURT BRACE JOVANOVICH

Fourth quarter	1982 $	1981 $
Revenue	130.2m	125.7m
Net profits	†15.9m	1.6m
Net per share	†1.75	0.19
Year		
Revenue	575.3m	539.3m
Net profits	3.9m	23.8m
Net per share	0.36	2.70

† Loss

EMERY AIR FREIGHT

Fourth quarter	1982 $	1981 $
Revenue	142.8m	85.9m
Net profits	1.64m	2.55m
Net per share	0.10	0.16
Year		
Revenue	600.2m	598.6m
Net profits	10.2m	10.7m
Net per share	0.65	1.20

WALTER E. HELLER INT'L

Fourth quarter	1982 $	1981 $
Revenue	208.7m	248.7m
Net profits	†7.45m	†9.36m
Net per share	†0.63	†0.79
Year		
Revenue	853.7m	915.9m
Net profits	16.3m	22.6m
Net per share	1.34	1.87

† Loss

FOSTER WHEELER

Fourth quarter	1982 $	1981 $
Revenue	434.2m	449.7m
Net profits	15.3m	21.7m
Net per share	0.45	0.63
Year		
Revenue	1.6bn	1.7bn
Net profits	57.2m	64.3m
Net per share	1.67	1.87

NATIONAL MEDICAL

Fourth quarter	1982 $	1981 $
Revenue	77.3m	72.4m
Net profits	5.2m	3.3m
Net per share	0.29	0.17
Year		
Revenue	297.5m	284.5m
Net profits	18.7m	10.7m
Net per share	1.03	1.09

INTERNATIONAL CAPITAL MARKETS

EEC bond for $75m meets poor reception

By Mary Ann Sieghart in London

THE European Economic Community met a poor reception from the Eurobond market yesterday when it launched a $75m, 12-year, 10¾ per cent bond at 99½ per cent through Credit Lyonnais.

The bonds, which bear a yield well below similar paper on the secondary market, were cold-shouldered by investors and immediately fell to a discount of about four points on their issue price.

Dealers pointed particularly to the 11½ per cent EEC issue due 1995 which traded yesterday at about 98½ giving a secondary market yield of 11.7. The pricing on yesterday's issue through Credit Lyonnais gives a yield of only 10.87. Some traders expressed surprise at the terms of the new issue.

Société Générale de Surveillance, the Swiss company, involved in quality testing and control, met more success with a $50m private placement arranged by S.G. Warburg and Union Bank of Switzerland.

The bond is convertible to SGS "bons de jouissance," which are the Swiss equivalent of non-voting shares, and the indicated coupon is 6¼ per cent at a price of 100. Each bond can be converted into one share at a premium of no more than 5 per cent over this Thursday's share price. Yesterday the shares closed at SwFr 3,505.

Within hours of the placing, the bonds had sold out – at one point buyers were offering to pay a premium of six points above the issue price. SGS has been a hot performer on the Swiss stock market because of its rapid earnings growth. A spokesman from UBS said he could have placed the whole issue in Switzerland without any difficulty.

Demand for Monday's new issues held up reasonably well yesterday, with none trading at a heavy discount. The secondary market was patchy – quiet in the morning, but picking up a little in the afternoon. On average, prices were unchanged to down an ⅛ point.

The only other new issue in the Eurodollar sector was a $20m floating rate note from Friesch-Groningsche Hypotheekbank NV, the Dutch mortgage bank, led by Banque Gutzwiller, Kurz, Bungener. The rate is ½ per cent over the London Interbank Offered Rate (Libor), with a life of five years.

Irish banks cut customers' cheque service

By Brendan Keenan in Dublin

IRISH BANKS are to follow the lead set by their British counterparts years ago by no longer returning customers' used cheques.

The change has been forced on the four Irish clearing banks because of the cost of sorting and returning cheques. More than half a million cheques are written every day in the Irish Republic alone.

Yesterday bank charges in the Republic went up, in the first stage of a 50 per cent increase. The banks claim that even the new fees will not cover the cost of handling current accounts.

Customers will now have to ask the bank if they wish specific cheques returned. Allied Irish and Bank of Ireland, the two bigger banks, expect to be operating the new system in all the main branches by the middle of next year.

Sales drop for Swiss foods group

By John Wicks in Zurich

HERO Conserven saw group sales fall by 7 per cent last year to SwFr 431.3m ($208.9m).

The decline was the result of the exclusion of the French company Conserves Lenzbourg, Lyons, from consolidated figures and to a new definition of net sales.

Without these changes, the Swiss-owned group would have shown a 8.4 per cent sales rise.

The parent company, Hero Conserven Lenzburg, reports an increase in consolidated cash flow for 1982 from SwFr 19.6m to SwFr 23.4m.

Lego to trim workforce

By Our Copenhagen Correspondent

LEGO, the Danish toy manufacturer, is shedding 250 production workers because of falling demand worldwide. The redundancies will take effect next month and will affect 13 per cent of the company's employees. Production at the family-owned company at Billund has been on a four-day week since last September.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for March 1.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amer O/S Fin 14¼ 89	15	112⅞	113⅞	0	-1¼	11.18
Amro Bank 13 88	200	105⅝	106⅛	+0⅛	-0½	11.86
BHP Finance 14⅜ 89	150	108⅞	109⅛	-0⅛	-1	12.54
British Col Hyd 14¾ 88	200	114⅛	114¾	0	-1¼	11.38
British Col Hyd 15¼ 92	200	117⅝	118⅛	0	+2	11.92
Canada 14⅜ 91	750	111¾	112¼	-0⅛	-0⅛	10.78
Canadian Ltd 12½ 88	175	105⅝	106⅛	0	+0½	11.18
Canadian Wheat 11¼ 90	50	101⅛	101⅝	0	-1½	10.91
Can Pac Ltd 14⅝ 82	75	111	111⅜	+0⅛	+1⅛	12.48
Can Pac Sec 15 89	75	105⅞	110⅛	-0⅛	-0⅛	12.66
Citicorp O/S 15 84/92	100	104⅛	105⅛	0	0	9.88
Coca Cola Int 9⅞ 92	100	24½	24¾	-0⅛	-0⅛	10.81
Coca Cola Int 11¾ 05	100	106⅜	106⅞	-0⅛	+0⅛	10.29
Credit Suisse 10½ 89	100	101½	102	0	-0⅛	10.11
Deutsche Bk Fin 14¼ 89	300	110⅝	111⅛	-0¼	-0⅛	11.71
Du Pont 11¼ 95	150	101⅜	102⅛	+0⅛	-0⅛	10.95
Du Pont 14 ¼ 89 WW	200	108½	109	0	-0⅛	12.06
E.C.C. 10¾ 88	100	100⅛	100⅝	+0⅛	-0⅛	10.63
E.D.F. 12¾ 87	150	104⅜	105⅛	-0⅛	-1⅛	11.23
E.E.C. 11½ 95	200	98⅞	99⅛	0	-0⅛	11.83
E.I.B. 15½ 92	100	114⅝	115⅛	0	+0⅛	12.62
Exp Dev Corp 11¾ 87	100	102	103½	0	0	10.79
Forsmarks 13⅝ 92	75	104⅜	105⅛	-0⅛	-0½	12.76
Gaz de France 12⅛ 93	175	20⅝	20⅞	-0⅛	-1¼	12.12
Gen Elec Credit 9⅞ 91	100	14½	15	-0⅛	+0⅛	10.79
Gen Elec Credit 12 89	100	107½	108	-0⅛	-0⅛	10.29
Getty Oil Int 14 05	125	107⅝	108⅛	-0⅛	-0⅛	12.05
GMAC O/S Fin 15½ 90	200	97⅝	98⅛	-0⅛	-0⅛	10.95
GMAC 9/S Fin 15 07	100	109⅝	110⅛	-0⅛	0	11.88
Gulf Oil Fin 12⅜ 87	100	105⅛	105⅝	-0⅛	-0⅛	10.63
ISM World Trade 12⅛ 92	200	109⅛	109⅝	0	0	10.58
Lloyds Euro 11½ 94	100	11⅞	12⅜	-0⅛	-0⅛	11.79
Manitoba Prov 11⅜ 88	125	103⅞	103⅞	0	-0⅛	10.83
Manitoba Prov 13⅝ 89	100	109⅞	105⅜	-0⅛	+0⅛	11.57
Midland Int Fin 11½ 92	150	100	100½	0	-0⅛	11.88
Nat West Fin 11⅝ 91	150	101½	102	-0⅛	-0⅛	11.42
New Brunswick 15½ 07	75	112⅝	113⅛	0	-0⅛	11.33
Newfoundland 15½ 00	75	112½	113	-0⅛	+2	12.71
Nippon Credit 11⅜ 03	100	97⅝	98⅛	-0⅛	-0⅛	11.82
Nova Scotia Prv 15⅝ 89	75	113⅛	113⅝	+0⅛	+0⅛	12.09
Ontario Hydro 11¼ 88	200	103⅝	104⅛	0	+0⅛	10.41
Ontario Hydro 12⅜ 92	200	106½	107	0	+0½	11.52
Ontario Hydro 15 92	150	116⅛	116⅝	-0⅛	+1⅛	11.97
Prudential 9/S 12⅜ 07	150	107⅛	107⅝	0	-0⅛	10.61
Quebec Hydro 11½ 92 Q	100	100⅛	100⅝	+0⅛	+0½	11.41
R. J. Reynolds 12⅜ 89	100	105⅞	106⅛	-0⅛	-0⅛	11.37
Saskatchewan Prov 15 92	150	110⅛	116⅜	0	+2⅛	11.90
Shell Canada 14⅜ 92	125	111	111⅜	0	+1½	12.25
Swed Exp Credit 14⅜ 90	100	183⅛	108⅛	0	-0⅛	12.84
Swiss Bk Corp 10⅛ 90	125	100⅝	100⅞	0	+0⅛	10.11
Texaco Capital 9⅜ 90	150	95⅝	96⅛	-0⅛	-0⅛	10.91
U.B.S. 10⅜ 87	200	103⅛	104⅛	+0⅛	+0⅛	9.59
U B S. 11 89	150	103⅝	104⅛	+0⅛	-0⅛	10.15
Walt Disney Pro 12⅞ 89	75	104½	105	-0⅛	-0⅛	11.36
World Bank 10⅞ 89	150	98⅝	99⅛	0	0	10.59
World Bank 10⅜ 93	100	98⅝	98⅞	0	0	11.10
World Bank 11½ 98	100	98⅝	05⅛	-0⅛	+1⅛	11.27

Av. price changes: on day -⅛, on week +½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aeroport Paris 8⅛ 92	80	108⅝	101⅛	0	0	8.11
Asian Dev Bank 8⅛ 02	150	99⅝	100⅛	+0⅛	+0⅛	9.26
Austria 8½ 93	200	98⅝	98⅞	+0⅛	0	7.89
Australia 7¾ 92	200	103⅛	103⅝	-0⅛	+0⅛	7.24
Bank of Tokyo 7¼ 00	100	97½	98	0	0	7.66
Bayer Capital 7⅝ 89	150	102⅛	102⅝	0	+0⅛	7.81
Beecham Fin 8⅛ 93	125	102⅛	102⅝	-0½	-0⅛	7.73
Caisse Nat Energie 8 93	200	99⅞	100⅛	+0⅛	+0⅛	7.97
Caisse Nat Tele 5¾ 93	200	97⅝	98⅛	-0⅛	+0⅛	5.05
E.C.S.C. 7½ 93	150	98⅛	98⅝	+0⅛	-0⅛	7.72
E.E.C. 7¾ 05	200	98	98½	-0¼	-0⅛	7.98
E.E.C. 8 94	200	99⅞	100⅛	-0⅛	-0⅛	7.97
GKN 8⅜ 89	100	98⅝	99⅛	-0⅛	-0⅛	8.59
Gould Int Fin 8¼ 89	75	102	102½	0	0	7.88
H.J. Heinz Int 8⅛ 88	50	98⅝	99⅛	0	0	8.96
Int-Am Dev Bk 9¼ 93	150	99⅝	100⅛	0	+0⅛	5.22
Ireland 9⅛ 91	150	99⅝	100⅛	0	0	8.84
ITT Antilles 7 93	200	97⅛	97⅝	0	+0⅛	7.34
McDonalds Fin 7⅛ 92	100	99⅝	100⅛	0	+0⅛	7.14
Mitsui O.S.K. 7¾ 88	100	97⅛	97⅝	+0⅛	-0⅛	7.90
Mitsubishi Heavy 7⅛ 87	150	100⅛	101	-0⅛	0	7.42
Quebec Hydro 8 93	200	99⅝	100⅛	0	0	7.98
Swedan Kingdom 8¼ 89	150	102	102½	0	-0⅛	7.80
World Bank 7⅛ 93	200	97½	98	-0⅛	-0⅛	7.50
World Bank 9⅛ 92	200	102⅛	102⅝	+0⅛	-0⅛	7.88

Av. price changes: on day 0, on week +⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
American Express 4¾ 93	100	98¾	99	-0⅛	-5⅛	4.89
Asian D.B. 5⅞ 95	100	98½	98¾	0	-0⅛	6.04
Bowater Int Fin 5 93	100	103	103⅛	-0⅛	-0⅛	5.57
Chugoku Ele Pow 6⅛ 91	100	102⅛	102½	-0⅛	-1	5.74
Ex-Im Bk Japan 5 93	100	98	98⅛	-1½	-1⅛	5.25
First Interstate 8 93	100	103⅛	103½	-0½	-0⅛	5.54
Gaz de France 6 93	100	102⅛	102½	0	-0⅛	5.68
Gothenburg Airport 6 03	50	99½	99⅞	-0⅛	-0⅛	6.15
HCA Finance 5 93	100	97⅝	98	-0⅛	-0⅛	5.28
Japan Dev Bk 5¼ 92	100	101	101¼	-0½	-0½	5.18
KLM Dutch Air 6⅛ 92	80	103	103⅛	-0½	-1	5.02
Kyushu Elec Power 8 92	100	101½	101⅞	-0¼	-0½	5.77
Manitoba Prov 5⅛ 03	100	101	101½	+0⅛	+0⅛	5.89
New Zealand 5¼ 92	100	101	101¼	-1	-1	5.18
Nippon Express Co 0 83	50	101½	101¾	-0½	-0½	5.79
Nippon Kokan 5⅝ 93	100	96	96¼	-1½	-2	6.10
Nissho Steel Co 6⅝ 92	100	101	101½	0	0	8.21
O.K.S. 6⅜ 93	80	100⅛	100½	-0⅛	-0⅛	6.69
Philip Morris 5⅛ 92	100	103	102⅛	0	+1⅛	4.84
Quebec 5¾ 82	100	102⅛	103	0	0	5.36
Sweden Kingdom 5⅞ 92	100	100⅛	100½	-0⅛	-0⅛	5.82
Tokyo Elec Power 5⅞ 92	100	101⅛	101⅜	-0⅛	-0½	5.66
Tokyo Metropolis 5⅞ 92	100	100	100⅛	-0⅛	-0⅛	5.35
Union Bk Norway 5⅝ 93	80	98½	98⅞	-0¼	-0⅛	5.58
Volvo 5⅛ 91	80	100⅛	101	-0⅛	-0⅛	5.24
World Bank 5½ 93	100	100⅛	101	-0⅛	-0⅛	5.38

Av. price changes: on day -⅛, on week -½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 8⅛ 92	15	105⅛	106½	-0⅛	0	7.73
E I B 8⅛ 92	10	102⅛	103⅛	-0⅛	0	7.83
Japan Airlines 7⅞ 91	91	102	103	0	-1½	7.13
New Zealand 8⅛ 91	15	102⅞	103⅛	0	-0⅛	7.58
World Bank 8⅛ 92	20	102⅛	104½	-0⅛	0	7.82

Av. price changes: on day 0, on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Brit Col Tel 17¼ 89 C$	501	112⅞	113⅛	0	0	13.68
Can Utilities 17 87 C$	351	114	115	-0⅛	-0⅛	12.49
Gaz de France 15 89 C$	751	105¾	106⅛	0	0	13.52
Gaz Metro 14½ 92 C$	401	104	105	-0½	-0½	13.81
O K B 18¼ 88 C$	631	115	115	0	0	12.81
Quebec Hydro 14 92 C$	601	106⅛	107⅛	-0⅛	-0⅛	12.61
Swed Exp CR 12¼ 90 C$	501	98	99½	-0⅛	-0⅛	12.65
Ireland 12⅛ 90 Ecu	30	109⅞	101⅛	0	-0⅛	12.46
Ireland 12½ 91 Ecu	30	98⅛	99⅛	0	0	12.65
Andes 8½ 87 Fl	80	104½	105	-0½	-0⅛	8.23
Amro Bank 8½ 97 Fl	100	105½	106	-0⅛	-0⅛	7.87
Heder Midbk 9⅛ 87 Fl	100	104⅝	105⅛	-0⅛	-0⅛	7.81
Nedlloyd Grp 10¼ 87 Fl	75	104⅝	104⅞	-0⅛	-0⅛	8.98
Quebec Prov 11½ 88 Fl	100	98	98½	0	0	7.94
World Bank 10 91 Fl	100	107½	108	-0⅛	-0⅛	7.83
O.K.S 14 88 FF	400	97⅝	98⅛	0	-0⅛	14.51
Solvay & Cie 14⅜ 88 FF	200	08⅝	97⅛	0	+0⅛	15.89
S.F.C.E 14½ 91 £	30	106⅛	107⅛	0	+0⅛	12.28
C.E.C.A 13⅞ 88 £	20	103⅛	104⅛	0	-0⅛	12.49
C.N.I. 12½ 89 £	20	99⅛	99⅛	0	-0⅛	12.88
E.E.C 11⅝ 91 £	50	98½	97⅛	0	+0½	12.51
Fin For Ind 12¼ 88 £	30	99⅛	100⅛	-0⅛	+0⅛	12.19
Fin Mat Oranj 12⅞ 92 £	30	22	22⅜	-0⅛	-0⅛	13.11
Gen Elec Co 12½ 89 £	50	103½	104½	0	-0⅛	11.53
Heron Walker 14⅛ 86 £	25	104⅛	105⅛	-0⅛	+0⅛	12.14
Mort Bk Fin 11⅞ 89 £	15	22½	23½	0	0	13.48
Norsk Hydro 12 88 £	30	26⅝	27⅛	0	-0⅛	12.95
Norsk Hydro 14½ 87 £	30	108½	107½	0	-0⅛	12.26
Quebec 14⅛ 89 £	30	104⅞	105⅜	0	-0⅛	13.19
S.N.R. France 15½ 92 £	30	104½	105½	-0⅛	-0⅛	14.46
S.N.C.F 11½ 89 £	30	02	94	0	-0⅛	12.98
Tenneco Int 14⅜ 87 £	30	106⅛	107⅛	+0⅛	+0⅛	12.68
World Bank 11⅞ 91 £	75	25⅛	25	+0⅛	-0⅛	12.33
Eurofima 10½ 91 LuxFr	500	98	98	0	-0⅛	10.88
Europarat 12½ 92 LuxFr	500	104	105	0	0	11.86

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Bank of Tokyo 8⅛ 91 (D)	0⅛	100	100½	10/6	9¾	0.73
B.F.C.E 5⅛ 88	0⅛	99	99½	20/7	9⅛	8.32
B.F.C.E 5⅛ 01	0⅛	99½	100	27/7	9.94	9.96
Caisse Nat Tele 5⅛ 90	0⅛	99⅛	99⅝	21/4	10.56	10.62
Cepme 5⅛ 92	0⅛	99⅛	05⅞	16/6	8.84	8.97
Chemical NY 5⅛ 94 ††	0⅛	100⅛	101	23/3	9.94	0.86
Credit Agricole 5⅛ 01	9⅛	99⅛	99⅝	24/3	12⅛	12.38
Credit du Nord 0⅛ 92	0⅛	05	99½	23/6	10⅛	10.29
Credit Lyonnais 6⅛ 87	9⅛	99⅛	99⅝	1/4	12.19	12.25
Credit Lyonnais 5⅛ 94	0⅛	99⅛	99⅝	5/7	9⅛	9.79
Credit Nat 5⅛ 94 † †	0⅛	99⅛	99⅝	8/3	12.18	12.32
E.D.F. 5⅛ 95 XW	0⅛	99⅛	99⅝	10/8	10	10.06
Kansallis Osake 5½ 92	0⅛	05⅞	100⅛	8/5	10.00	10.05
Lloyds Eurofin 5⅛ 93 §	0⅛	100⅛	100⅝	28/4	10.56	10.52
Long Term Cred 5⅛ 92	0⅛	100⅛	100⅝	27/5	10⅛	10.18
J.P. Morgan 5⅛ 97 §	0⅛	100⅛	100⅝	12/5	8⅛	8.46
Nat West Fin 5⅛ 91 §	0⅛	100⅛	100⅝	15/7	9⅛	9.28
New Zealand 5⅛ 87	9⅛	100⅛	100⅝	7/4	12½	12.44
NZ Steel Dev 5⅛ 92	0⅛	100⅛	100⅝	22/9	19.19	10.15
Nippon Credit 5⅛ 90	0⅛	100⅛	100⅝	10/8	9⅛	9.83
Offshore Mining 5⅛ 01	0⅛	100⅛	100⅝	2/6	10.44	10.39
Scotland Int 5⅛ 92	0⅛	99⅝	100⅛	23/3	13⅛	13.27
Sec Pacific 5⅛ 91	9⅛	100⅛	100⅝	24/5	10.00	10.01
Société Générale 5⅛ 95	0⅛	99⅛	99⅝	1/9	9½	9.58
Standard Chart 5⅛ 91	0⅛	100⅛	100⅝	18/5	10.69	10.65
Sweden 5⅛ 93	9⅛	99⅛	99⅝	3/8	10.10	10.24
Sweden 5⅛ 89	0⅛	99⅛	99⅝	28/8	9⅛	8.66

Av. price changes: on day 0, on week +⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	92	92½	-0⅛	6.83
Bridgestone Tire 5½ 98	3/82	470	96⅞	96⅞	-1⅛	-0.13
Canon 7 97	7/82	748.2	163	196	-2½	2.92
Fujitsu Fanuc 4½ 96	10/81	5614	98½	100½	0	14.00
Hitachi Cable 5⅛ 96	2/82	015	94⅛	93⅛	-0⅛	7.25
Hitachi Credit Corp 5 96	7/81	1612	95⅜	87⅛	-0⅛	20.72
Honda Motor 5½ 97	3/82	835.0	112	113½	-1⅛	10.39
Kawasaki 5⅛ 96	9/81	229	60⅛	71	-0⅛	22.11
Kumagai Gumi 6½ 97	10/82	408	108⅛	119⅞	-0⅛	-1.04
Kyowa Hakko 8⅛ 97	2/83	702	101	102⅛	-0⅛	10.86
Marui 6 96	7/01	846.4	117⅞	119⅛	+0⅛	15.13
Minolta Camera 5 96	10/81	826.4	66⅛	89⅛	-0⅛	39.05
Murata 5⅛ 96	7/81	1971	90⅛	92⅛	-0⅛	8.91
NKK 6½ 96	7/81	188	70⅛	86⅛	-0⅛	21.01
Nippon Electric 5⅛ 97	2/82	884.2	117½	119⅛	-1⅛	6.40
Olympus Optical 6⅛ 97	12/82	1331	99⅛	100⅛	-0⅛	14.45
Orient Finance 5⅛ 97	3/82	1205	97	98½	-7⅛	-0.37
Sanyo Electric 5 96	10/81	652	80⅛	82⅛	0	25.86
Sumitomo Electric 5½ 07	3/82	577.3	94⅛	95⅞	-1⅛	9.58
Sumitomo Metal 5⅛ 96	10/81	296.1	64⅛	86⅛	-0½	21.07
Fujitsu 3½ 93 SF	3/83	969	105	107	+0⅛	118.58
Sharp Corp 3½ 93 SF	3/83	119	104⅛	106⅛	-0⅛	-78.70
Konishiroku 6⅛ 89 DM	9/82	819	110⅛	111⅛	-0⅛	9.45
Mitsubishi Heavy 8 83 DM	2/82	263	103⅞	104⅞	-0⅛	19.91
Sun Realty 9¼ 92 DM	2/83	365	107⅛	108⅛	-0⅛	-2.89

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا صدر الأصل

هكذا صدر الأصل

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday March 2 1983

Base metal values recover slightly, Page 35

WALL STREET

Renewed assertion of confidence

CONFIDENCE re-established itself on U.S. stock markets yesterday after reports that Opec was near to completing arrangements for an orderly reduction in oil prices and thus avoiding the danger of a general collapse in world oil markets. This scenario is much more to Wall Street's liking than any repetition of the panic seen in gold bullion markets at the beginning of the week, *writes Terry Byland in New York.*

Share prices quickly moved ahead and after a brief pause for consolidation when early gains were sharply reduced, blue chips climbed steadily to lift the Dow Jones industrial average 18.09 to a record 1,130.71. Turnover, with some 104.2m shares traded, was below the levels of last week's bull phase but significantly higher than in the selling markets of Friday and Monday. There were 1,184 shares showing gains compared with only 431 falls.

A further reason for the steadier tone was the publication this week of several sets of important economic indicators, in particular the index of economic indicators for January which is due today.

Selling of oil shares largely dried up following several sessions of persistent pressure. Recoveries were slight but Exxon at $30, Standard Oil of California at $37 and Standard of Ohio at $39¾ were all substantially firmer than their overnight levels.

Airline stocks continued to attract buyers on the likely benefit to profits from falling fuel prices, but gains there too were subdued. Pan Am was firm at $5⅝ but there were buyers again for Delta at $48⅝ and Eastern at $9⅝.

Elsewhere in the industrial area, prices moved erratically around the higher levels established in early trading. IBM was back in favour and attracting buyers at $101¾. General Electric at $111 added $2½. There was further support for Gulf and Western while Schlumberger, the oil search company, regained some of its recent loss

It was clear that the belief that U.S. interest and inflation rates are about to fall has remained the driving force behind the stock market.

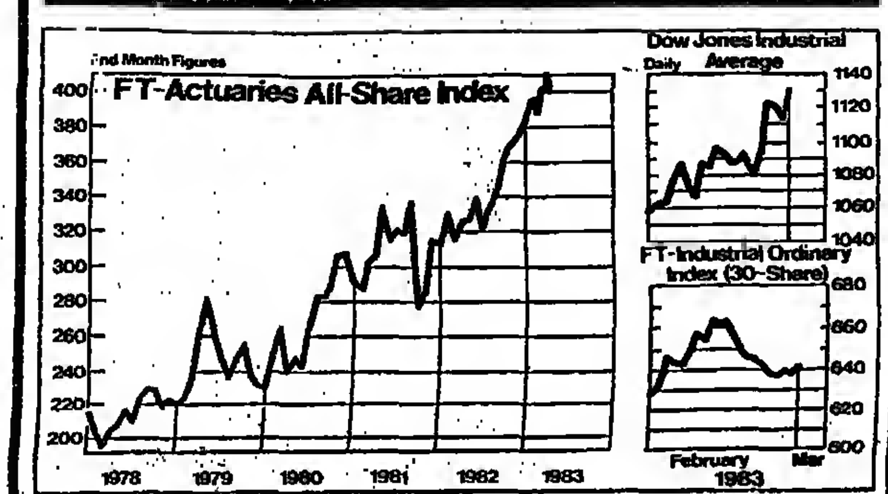
In the credit markets, however, the hope of an immediate cut in the Federal Reserve's discount rate receded a little. Federal funds opened higher and traded in the 8¼ to 8¾ per cent range. At 8½ per cent the Fed arranged $2bn in customer repurchase agreements, but this was slow to pull the funds rate downward.

Bond prices generally strengthened during the afternoon, however, and closed with widespread gains.

A recovery by resource issues from Monday's selloff enabled Toronto to head once more sharply upward. The bond market was not outdone, and the new C$700m three-part government issue sold out quickly with a premium above issue price ranging to a quarter.

Montreal stocks were slower to join the upturn, weighed down by industrials and papers.

KEY MARKET MONITORS



STOCK MARKET INDICES

	March 1	Previous	Year ago
NEW YORK			
DJ Industrials	1130.71	1112.62	828.39
DJ Transport	501.27	491.98	337.69
DJ Utilities	126.94	125.05	107.76
S&P Composite	150.88*	148.05	113.31
LONDON	March 1	Prev	Year ago
FT Ind Ord	641.6	637.7	557.8
FT-A All-share	402.31	399.35	321.15
FT-A 500	434.62	431.37	340.05
FT-A Ind	409.97	407.82	313.18
FT Gold mines	570.1	563.9	254.0
FT Govt secs	79.21	79.43	67.34
TOKYO			
Nikkei-Dow	7986.85	8085.57	7327.44
Tokyo SE	587.14	592.18	547.91
AUSTRALIA			
All Ord.	490.6	498.8	487.6
Metals & Mins.	434.8	443.4	350.0
AUSTRIA			
Credit Aktien	49.26	49.33	54.47
BELGIUM			
Belgian SE	107.69	107.33	97.22
CANADA			
Toronto Composite	2125.1	2090.3	1681.0
Montreal Industrials	354.21	357.65	294.96
Combined	348.51	349.44	279.45
DENMARK			
Copenhagen SE	116.80	115.20	98.11
FRANCE			
CAC Gen	107.20	107.10	109.9
Ind. Tendance	111.50	111.70	120.6
WEST GERMANY			
FAZ-Aktien	266.29	269.22	230.54
Commerzbank	799.3	806.9	700.9
HONG KONG			
Hang Seng	1033.57	1021.55	1237.61
ITALY			
Banca Comm.	200.54	203.02	204.74
NETHERLANDS			
ANP-CBS Gen	110.6	110.3	86.3
ANP-CBS Ind	96.8	97.0	69.7
NORWAY			
Oslo SE	140.72	144.39	104.46
SINGAPORE			
Straits Times	827.37	827.44	731.43
SOUTH AFRICA			
Golds	778.1	773.1	474.6
Industrial	817.8	824.5	682.9
SPAIN			
Madrid SE	103.09	102.87	105.31
SWEDEN			
J & P	1216.74	1246.24	610.65
SWITZERLAND			
Swiss Bank Ind	311.1	312.8	251.4

GOLD (per ounce)

	March 1	Prev
London	$418.50	$413.00
Frankfurt	$414.50	$409.50
Zürich	$415.50	$410.50
Paris	$418.52	$430.54
New York futures (March)	$412.40	$400.50

* indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR March 1	U.S. DOLLAR Previous	STERLING March 1	STERLING Previous
£	1.5065	1.5150	–	–
DM	2.4395	2.4310	3.67¾	3.68½
Yen	238.70	237.55	360	360
FFr	6.9190	6.8950	10.42½	10.44½
SwFr	2.0645	2.0600	3.11½	3.12
Guilder	2.6870	2.6890	4.06½	4.07½
Lira	1410½	1403¼	2124½	2126
BFr	48.13	47.94	72.50	72.65
C$	1.2280	1.2292½	1.8495	1.8620

INTEREST RATES

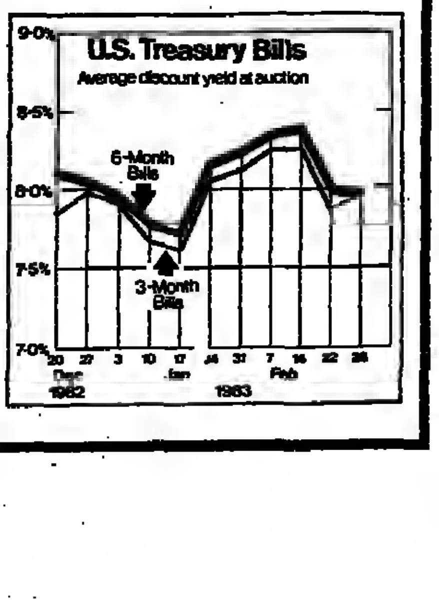
	March 1	Prev
Euro-currencies (three month offered rate)		
£	11½	11 7/16
SwFr	3 5/16	3 5/16
DM	5⅞	5⅞
FFr	25	24
FT London Interbank fixing (offered rate)		
3-month U.S.$	8 15/16	6¾
6-month U.S.$	9 5/16	9
U.S. Fed Funds	8⅝	6½
U.S. 3-month CDs	8.45	8.40
U.S. 3-month T-bills	7.94	7.90

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
March	78–02	78–09	77–05	77–10
U.S. Treasury Bills (IMM) $1m points of 100%				
March	92.11	92.20	92.06	92.12
Cert Deposit (IMM) $1m points of 100%				
March	91.70	91.74	91.63	91.67
LONDON				
Three-month Eurodollar $1m points of 100%				
March	91.29	91.16	91.09	91.28
20-year Notional Gilt £50,000 32nds of 100%				
March	102–01	102–02	101–25	102–08
Three-month Sterling Deposit £250,000 points of 100%				
March	88.83	88.85	88.75	88.90

LONDON COMMODITY MARKETS

	March 1	Prev
Silver (spot fixing)	708.2p	768.2p
Copper (cash)	£1084.00	£1081.00
Coffee (March)	£1683.50	£1661.00
Oil (spot Arabian light)	$28.22	$28.25



EUROPE

Stimulants remain in short supply

STRENGTH in the dollar and weakness on Wall Street, often a deadening combination for bourse sentiment, had this effect again yesterday morning, and the ensuing hours offered few stimulants apart from a slight clearing of the air on the gold and oil price fronts.

Even **Amsterdam**, which had the benefit of a half-point cut in the Dutch bank rate late on Monday to 4 per cent, failed to respond. Only the banks themselves displayed any noteworthy gains. ABN added Fl 6 to Fl 334, Ned Mid Fl 1.50 to Fl 126.50 despite a 39 per cent earnings fall last year, and Amro the same amount to Fl 49.50.

The Anglo-Dutch Unilever, slightly increased pre-tax results for which yesterday were regarded as broadly in line with expectations, finished Fl 2.30 lower at Fl 191.50, trimming earlier losses. Its London quotation was unaltered at 785p, as most business in the stock is done off the floor.

Pre-election profit-taking persisted in **Frankfurt**, leaving the Commerzbank index 7.6 weaker and back below the 800 level at 799.3. Both domestic and foreign investors were responsible for the selling.

Brown Boveri, which warned that it would have to draw on reserves to pay a dividend, shed DM 5 to DM 223. Another feature in electricals was AEG, which relinquished DM 11.80 of Monday's DM 22.50 surge to finish at DM 49.20, still well enhanced by news of its progress in staving off bankruptcy.

Domestic bonds were little changed, and the Bundesbank bought a small DM 6.2m in public paper.

A similar extension of losses in **Zurich** showed Brown Boveri, parent of the West German concern, just SwFr 5 lower at SwFr 1,075 on its planned dividend cut. Alusuisse slipped the same amount to SwFr 620 and Sandoz SwFr 25 to SwFr 5,050.

Pessimistic indications for the French economy, the latest of which was a statistics institute prognosis of holding steady in a through level, further upset **Paris** sentiment. Bouygue slid FFr 6 to FFr 733 and Creusot-Loure FFr 1.50 to FFr 52.50.

Foreign shares were favoured. The *devise-titre*, a dollar premium the Government requires investors to use in purchasing foreign issues, reached a record FFr 9.05, up from FFr 8.90.

Brussels held broadly steady, led by steels. Arbed added BFr 42 to BFr 1,182. In **Madrid** it was the banks, where quoted, which showed the gains – Pta 5 for Vizcaya at Pta 285, and Pta 4 for Bilbao at Pta 210.

A late burst of selling continued after hours in **Milan** and hit the insurers most. Generali had shed L1,000 to L123,000 and Toro L1,170 to L13,010 by the official close.

Copenhagen continued strong on a Danish trade turnround but **Stockholm** was beset by profit-taking and Oslo showed sharp setbacks for Norsk Data, off NKr 17.50 at NKr 220, and Norsk Hydro, NKr 9 down at NKr 278.

AUSTRALIA

Rate pressure

A SIGNIFICANT revival of buying support for heavyweight mining stocks emerged in Sydney to lift prices off their lows, but the result on the day was still weaker.

Turnover was a moderately active A$13.13m and falls held a six to one margin over advances. Industrials suffered, too, blamed by dealers on rising domestic interest rates generated by an outflow of capital ahead of federal elections on Saturday.

This affected banking, retail and transport issues in **Melbourne.**

SOUTH AFRICA

Golds steady

THE STEADYING bullion price westward across the globe brought a firmer gold share tendency to Johannesburg, where gains among heavyweight producers extended to R2 for East Rand at R23.

This allowed mining financials to pick up, R4 for Amgold at R124 and 20 cents for De Beers at R7.85. Platinums, by contrast, remained weaker, as were industrials.

FAR EAST

Rot sets in on Tokyo's shaky rally

THE INSUBSTANTIAL nature of the rally in Tokyo over the past week – already reflected in low turnover levels and scattered profit-taking against the trend – was thrown into sharp relief yesterday as weakness in the yen combined with the falling gold price to pull the market sharply lower.

Leading the downturn were the blue chips, but selling later spread to speculatives and lower-priced domestic industrials.

The Nikkei-Dow Jones market average shed 96.72 to return below the 8,000 mark at 7,988.85, while the Stock Exchange index relinquished 5.04 at 587.14. Trading volume, at 330m shares, was well up on Monday's 250m but remained on the thin side.

Hitachi lost Y22 to Y758, Mitsubishi Electrical Y13 to Y362, Toyota Y11 to Y972, Sony Y30 to Y3,070 and Mitsui & Co Y13 to Y372.

Sumitomo Chemical, which the previous day reported a slide into 1982 losses of Y7.2bn compared with Y2.3bn profits and was unable to assure a dividend for the current year, finished Y10 lower at Y155.

Oils were sold, pulling Nippon Oil down Y30 to Y885 and Koa Y19 to Y471. Gold mines were also depressed, and recent favourite Mitsui Mining and Smelting ended Y37 lower at Y579 on an active 12.23m shares.

The exchange authorities later announced a Y21bn contraction last week in outstanding margin debt, but dealers were unconvinced that this news would bolster the market.

Government bond prices improved in the afternoon in thin trading.

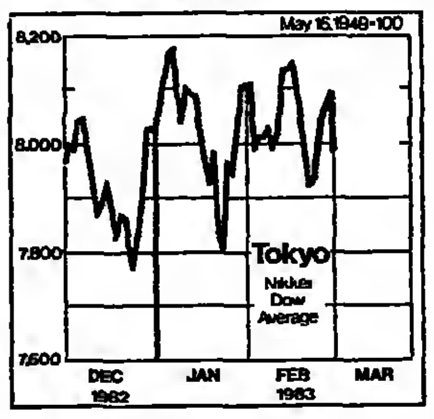
An initial extension of Monday's losses in Hong Kong was corrected as the gold price stabilised, albeit at a fiercely eroded level, but the calls on investors' funds to meet margin debts in the metal abated sufficiently to allow a 12.04 recovery in the Hang Seng index to 1,033.59 from its 44.75 plunge.

Hutchison Whampoa rose 20 cents to HK$13.70, Hongkong Electric the same amount to HK$5.75, Cheung Kong and Hongkong Land 10 cents apiece to HK$10.20 and HK$4.78 respectively. Swire Pacific A continued 10 cents lower at HK$12.50, however.

Analysts said shares generally remained undervalued but that the grasp on the 1,000 mark reattained last week had not proved inviocible.

Active but selective dealings left Singapore prices narrowly mixed, with sentiment upset by news of a slowing in gross domestic product growth to 6.3 per cent last year against 1981's 9.9 per cent, and official predictions of difficult months ahead.

The Straits Times industrial index eased 0.07 to 827.37. Malaysian Resources gained 19 cents to S$2.66, while Fraser and Neave lost 25 cents at S$7.55.



LONDON

Opec offers a degree of comfort

STEADIER LONDON equity markets coped more comfortably with fresh anxieties aroused early yesterday by another bout of marked weakness in many speculative and situation stocks. The countering influence was afternoon reports that Opec member states were moving towards agreemeot on a new oil price structure, and this optimism also outweighed the adverse effects of a growing miners' dispute.

Dealings in Polly Peck were restored following the company's clarification of the tax status of its Cyprus subsidiary and the temporary halt to its proposed merger with two associates, Cornell and Wearwell. The fruit packing group opened at £11 compared with Monday's suspension price of £17 and immediately eased to £10. Good support materialised, however, and the shares rallied to £16 before closing at £14½.

Leading industrials were sidelined, but most gradually regained small early losses, encouraged by Wall Street's upsurge soon after yesterday's opening. The FT Industrial Ordinary index closed 3.9 up at the day's best of 641.6.

Further investment in government securities was discouraged by sterling's renewed weakness against other leading currencies.

Fisons highlighted the miscellaneous industrial leaders, jumping 73p to 536p in response to much better than expected preliminary profits and a confident accompanying statement which overshadowed a proposed £28.74m rights issue.

Compared with Commercial Union's recent abysmal figures, Royal's annual profits showing a mere 17.8 per cent contraction were deemed to be satisfactory and the shares firmed 9p to 515p in thin trading.

Oils took a distinct turn for the better, with BP 8p up at 306p and Shell 8p to the good at 420p after 422p.

The unprecedented slide in South African golds on Monday was arrested by a combination of a steadier bullion price and international bargain-hunting. The main thrust was mode by cheaper-priced issues, among which Grootvlei was outstanding and finally 107p higher at 930p.

Heavyweights continued to suffer from selling pressure. Top stocks like Randfontein and Vaal Reefs fell in excess of £2 apiece to £81½ and £68¾ respectively.

Financials staged a smart rally, but Australians were marked down sharply at the outset and tended to hold these levels. Gold Mines of Kalgoorlie plunged to 570p. *Share information service, Pages 36–37*

NEW YORK STOCK EXCHANGE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 33

هكذا اصل الأصل

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued on Page 34

NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 32

Continued on Page 34

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Arlen Elec	318	+30
BL	32	+10
Bio-Isolates	328	+ 8
Cons Gold Fields	499	+22
Cornell	116	−30
East Rand Prop	£14½	+ 1¼
Fisons	536	+73
Gold Mines Kalgoorlie	570	−35
Grootvlei	930	+107
Mellins	167	− 3
Polly Peck	£14¼	− 2½
Wearwell	61	− 6

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Vaal Reefs	33	£70½	− 4½
Arlen Elec	30	288	−40
Mellins	29	170	−50
Oneofontein	21	£19¾	− 2¼
Wearwell	20	70	−12
Kloof Gold	16	£27	− 3¼
Lon & Liv Tst	16	430	−43
Ultramar	16	26pm	−11
Harmony	15	£11¼	− 2¼
Superdrug Strs	15	253	−15
BAT Inds	14	655	−15
Bio-Isolates	14	320	−60
Vickers	14	116	− 2
Glaxo	13	705	−15

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (60)

AMERICANS (12)
CANADIANS (4)
BANK (2)
BREWERS (1)
BUILDING (3)
CHEMICALS (2)
ENGINEERING (2)
INDUSTRIALS (9)
INSURANCE (1)
MOTORS (3)
NEWSPAPERS (1)
PROPERTY (3)
TRUSTS (15)
OVERSEAS TRADERS (1)
PLANTATIONS (1)

NEW LOWS (16)

CANADIANS (1)
Talcorp
STORES (1)
Tern-Consulate
ELECTRICALS (2)
Breville Europe, Whitworth Elect.
FOODS (1)
Alpine Soft Drinks
INDUSTRIALS (5)
Ashley Ind. Trust, Dyson (J. & J.) "A", Cornell, Lawtex, Dobson Park
PROPERTY (1)
Evans of Leeds
OILS (5)
Anvil Pet., Goal Pet., Eglinton Oil, Magnet Metals, Gaelic Oil

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 28	Mar 11	June 2	June 13
Mar 14	Mar 25	June 16	June 27
Mar 28	Apr 8	June 30	July 11

For rate indications see end of Share Information Service

Stocks favoured for the call included Mellins, Hollis Bros & ESA, London and Liverpool, Double Eagle, Polly Peck, Wearwell, Carr Boyd, Tricentrol, Lasmo, William Leech, Streeters of Godalming, Mobcu, Waring and Gillow, A & G Securities, Combined Technologies, Cons. Gold Fields, GKN, Fisons, KCA Drilling, French Kier, W. E. Norton, CASE, W. Canning, Brown Boveri Kent, Rank Organisation and Grattan. Puts were arranged in Polly Peck and Britoil.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues March 1 1983: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Feb 28: Index No.	Fri Feb 25: Index No.	Thur Feb 24: Index No.	Wed Feb 23: Index No.	Year ago (approx.): Index No.
1	CAPITAL GOODS (207)	437.62	+0.5	9.07	3.91	13.78	435.50	436.11	436.92	439.00	364.36
2	Building Materials (23)	423.37	—	10.86	4.53	12.00	423.21	422.36	422.98	425.45	321.82
3	Contracting, Construction (30)	770.63	−0.4	11.40	4.29	10.46	773.76	775.24	779.34	787.41	582.42
4	Electricals (32)	1623.73	+0.9	7.43	2.14	17.25	1608.98	1616.50	1618.23	1634.36	1243.84
5	Engineering, Contractors (10)	419.79	+0.1	16.70	7.12	7.33	419.34	417.54	414.95	409.74	507.51
6	Mechanical Engineering (66)	207.77	+0.5	10.93	5.47	11.41	206.81	206.67	206.38	206.05	191.33
8	Metals and Metal Forming (11)	163.46	—	13.30	7.61	9.02	163.45	163.04	162.83	161.61	165.49
9	Motors (18)	89.49	+2.1	0.60	7.01	—	87.66	86.71	87.17	87.88	97.20
10	Other Industrial Materials (17)	404.51	−0.1	8.65	5.28	14.38	405.05	404.81	408.51	409.13	397.25
21	CONSUMER GROUP (200)	413.34	+0.6	10.14	4.31	11.97	411.07	414.37	414.17	414.53	294.47
22	Brewers and Distillers (23)	468.30	+1.0	10.81	4.57	11.29	463.46	468.36	466.73	467.45	289.77
25	Food Manufacturing (21)	333.35	—	13.68	5.53	8.57	333.24	334.00	335.49	336.34	284.34
26	Food Retailing (14)	832.66	+0.8	7.65	2.91	16.44	826.42	829.24	826.45	836.45	606.56
27	Health and Household Products (8)	744.01	+1.8	5.29	2.46	22.42	731.74	739.18	742.76	728.56	379.12
29	Leisure (24)	495.38	—	8.20	4.87	15.95	495.37	496.91	498.24	499.17	437.39
32	Newspapers, Publishing (13)	714.47	−1.0	8.65	4.54	15.41	721.78	719.27	724.28	732.42	518.07
33	Packaging and Paper (14)	157.01	−1.3	14.04	7.14	7.91	159.02	165.81	162.99	168.92	145.18
34	Stores (47)	356.57	+0.1	8.48	3.86	15.42	356.18	358.13	357.13	357.06	265.83
35	Textiles (22)	194.25	−0.7	13.14	5.72	9.14	195.61	196.60	197.06	197.03	160.72
36	Tobaccos (3)	463.86	+0.8	18.97	5.97	5.85	460.21	460.42	466.67	468.96	316.34
39	Other Consumer (11)	369.01	−0.4	2.28	3.80	—	370.52	366.57	363.47	365.81	274.83
41	OTHER GROUPS (79)	319.23	+0.6	9.67	5.13	12.72	317.42	317.88	316.39	317.21	253.71
42	Chemicals (15)	413.97	+0.7	9.62	5.85	12.97	410.90	411.44	407.39	408.54	339.81
44	Office Equipment (6)	98.52	−1.3	9.84	5.51	14.23	99.83	100.83	99.83	100.00	124.12
45	Shipping and Transport (14)	595.15	+0.8	14.36	7.15	8.35	590.46	591.38	585.45	578.52	574.82
46	Miscellaneous (44)	454.87	+0.6	8.72	4.00	13.97	452.10	452.41	453.17	455.10	314.43
49	INDUSTRIAL GROUP (486)	409.97	+0.5	9.72	4.28	12.63	407.82	409.80	409.69	410.68	313.28
51	Oils (14)	708.73	+2.2	17.70	8.15	6.66	693.58	696.00	703.26	697.18	641.07
59	500 SHARE INDEX	434.62	+0.8	10.83	4.82	11.22	431.37	433.46	433.98	434.28	340.85
61	FINANCIAL GROUP (121)	301.97	+1.1	—	5.00	—	298.71	299.55	297.70	296.70	252.75
62	Banks (6)	316.01	+1.9	31.01	7.74	3.49	310.21	311.31	307.28	305.40	292.61
63	Discount Houses (8)	292.14	+0.5	—	8.35	—	290.78	290.78	291.34	292.98	225.49
65	Insurance (Life) (9)	386.13	+2.8	—	4.96	—	378.57	376.21	370.92	369.90	257.58
66	Insurance (Composite) (10)	208.74	+1.5	—	7.09	—	297.85	199.36	198.75	198.28	160.22
67	Insurance Brokers (7)	549.19	+1.9	11.69	4.96	11.91	539.12	544.15	545.36	545.36	439.76
68	Merchant Banks (13)	160.85	−0.8	—	5.37	—	162.13	164.41	163.88	163.40	146.13
69	Property (54)	452.62	−0.1	5.71	3.96	23.15	453.02	452.97	451.26	451.92	457.99
70	Other Financial (14)	236.51	+0.5	11.80	4.97	10.85	235.79	236.54	237.62	233.86	186.67
71	Investment Trusts (109)	405.03	−0.7	—	4.19	—	407.85	406.12	404.46	403.26	303.00
81	Mining Finance (4)	252.92	+2.6	8.12	5.62	16.50	246.44	256.70	253.12	253.41	212.96
91	Overseas Traders (26)	432.46	−0.9	9.43	8.36	15.11	436.50	443.00	444.31	442.32	392.37
99	ALL-SHARE INDEX (750)	402.31	+0.7	—	5.01	—	399.35	401.27	400.96	400.92	321.25

FIXED INTEREST

	PRICE INDICES	Tues March 1	Day's change %	Mon Feb 28	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	116.66	−0.21	116.91	—	1.97
2	5-15 years	126.69	−0.42	127.27	0.04	2.45
3	Over 15 years	133.59	−0.35	134.18	0.12	2.31
4	Irredeemables	139.52	+0.05	139.80	0.35	1.62
5	All Stocks	125.53	−0.34	126.00	0.05	2.26
6	Debentures and Loans	100.00	+0.04	100.04	—	1.52
7	Preference	76.87	+0.04	76.84	—	1.49

	AVERAGE GROSS REDEMPTION YIELDS		Tues March 2	Mon Feb 28	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.81	9.95	12.28
2		15 years	10.57	10.49	12.96
3		25 years	10.67	10.62	12.71
4	Medium Coupons	5 years	11.59	11.45	14.44
5		15 years	11.44	11.39	14.27
6		25 years	10.90	10.93	13.74
7	High Coupons	5 years	11.66	11.57	14.47
8		15 years	11.45	11.59	14.43
9		25 years	11.13	11.10	14.08
10	Irredeemables†		10.59	10.59	12.41
11	Debs & Loans	5 years	12.49	12.50	15.05
12		15 years	12.64	12.65	15.28
13		25 years	12.68	12.69	15.24
14	Preference†		12.77	12.78	15.57

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 20p.

RISES AND FALLS

	Rises	Falls	Same
British Funds	—	77	20
Corpns. Dom. and Foreign Bonds	6	23	48
Industrials	195	276	856
Fin. and Props.	83	145	287
Oils	25	34	50
Plantations	6	4	13
Mines	49	60	60
Others	45	60	49
Totals	409	669	1,373

FINANCIAL TIMES STOCK INDICES

	Mar. 1	Feb. 28	Feb. 25	Feb. 24	Feb. 23	Feb. 22	year ago
Government Secs.	70.21	78.45	78.94	78.80	78.72	78.66	67.84
Fixed Interest	80.66	80.69	80.51	80.48	80.30	80.09	66.96
Industrial Ord.	641.6	637.7	636.2	637.2	637.2	642.4	567.8
Gold Mines	570.1	563.9	626.7	625.0	631.5	671.5	954.6
Ord. Div. Yield	4.98	6.02	6.08	5.08	5.08	5.04	5.66
Earnings, Yld.% (full)	10.48	10.65	16.83	10.63	10.65	16.78	10.68
P/E Ratio (net) (*)	11.52	11.53	11.12	11.16	11.08	11.16	16.41
Total bargains	25,078	23,698	83,847	93,772	24,556	24,904	63,804
Equity turnover £m.	—	166.24	255.65	241.81	247.20	226.63	149.31
Equity bargains	—	21,359	96,048	18,466	61,038	66,574	21,887
Shares traded (ml)	—	125.2	146.9	154.5	144.2	156.1	116.2

10 am 634.2. 11 am 638.6. Noon 637.1. 1 pm 637.7. 2 pm 638.7. 3 pm 639.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 16.75.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.84 (4/11)	61.89 (6/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.02 (12/11)	66.70 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	652.6 (11/2/83)	518.1 (6/1/82)	662.5 (11/2/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	181.2 (22/9)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 28	Feb. 25
Daily		
Gilt Edged Bargains	102.7	168.9
Equities Bargains	138.4	126.9
Equities Value	696.6	516.7
5-day Avrge		
Gilt Edged Bargains	101.8	196.0
Equities Bargains	161.5	162.1
Equities Value	469.7	475.6

NEW YORK AND CANADA

Indices

NEW YORK DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

	Mar 1	Feb 28	Feb 25
Issues traded	914	1925	1947
Rises	154	676	859
Falls	433	907	737
Unchanged	331	346	351

MONTREAL

TORONTO

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

NEW YORK CLOSING PRICES

Continued from Page 33

COMMODITIES AND AGRICULTURE

Cocoa rally cancels £25 Monday fall

BY RICHARD MOONEY

COCOA LED a general rally in London soft (non-metal) commodity markets yesterday as falls sustained in the wake of Monday's gold price ecollapse were eliminated.

With gold steadier, the fundamental "bullish" sentiment of cocoa traders was able to regain control of the market and the May position's £25 fall on Monday was more than wiped out. The closing quotation was £1,309.50 a tonne, up £45 on the day. But the price was still £57 below the 34-month peak reached early this month.

The underlying strength of the cocoa market derives from general expectations of a supply/demand deficit of up to 100,000 tonnes this season.

This would be the first deficit since the 1976/77 season. Also aiding sentiment has been the fact that most West African producing country's are either well sold or holding out for higher prices, dealers said.

New reports of Chinese buying on the Malaysian market helped natural rubber futures to regain a large part of Monday's losses. The May position, which fell £30.50 on Monday, rose £14 yesterday to £707.50 a tonne.

On the London physical market the RSS No. 1 spot price recouped Monday's 2p loss to 71p a kilo.

The strength of cocoa and rubber also encouraged a rise in coffee prices. The May futures position, which fell £9 on Monday, closed £25 higher at £1,649.50 a tonne. In the absence of any fresh fundamental coffee news, dealers said they expected the market to continue to reflect outside factors.

The pattern was less marked on the sugar market with the August quotation regaining £0.55 of Monday's £4.80 decline to end the day at £118.125 a tonne.

In Lima, Sr Mirko Cuculiza, the Peruvian Agriculture Minister, said his country would have to buy about 30,000 tonnes of sugar on the world market to make up for losses caused by recent torrential rains in its northern regions.

World 1982-83 sugar production is expected to exceed consumption by 6.2m tonnes (raw value) against 10.3m in 1981-82, Mr Trevor Robinson, commodity research head of London sugar dealer E. D. and F. Man, said yesterday, reports Reuter.

Base metals revival

BY OUR COMMODITIES STAFF

BASE METALS prices staged a modest recovery yesterday following Monday's sharp declines.

Once again the performance of gold was the dominant influence and an early decline in line with the overnight U.S. trend was mirrored in the copper market.

As gold recovered, however, copper followed, until it met heavy selling at the highs. By the close cash high grade copper, which had lost £44.50 on Monday, was quoted £2 up on the day at £1,084 a tonne.

Tin prices also rose, helped by an increase in the Penang price which was believed to be on account of International Tin Agreement buffer stock buying.

Zinc prices followed the trend in copper and gold to end £2.50 up on the day for cash metal at £440.50 a tonne. But lead lost another £9.25

Quiet start for sugar traded options

By Our Commodities Staff

LONDON'S traded options contract in raw sugar started predictably quietly yesterday. Only two lots were traded during the day.

Business was confined to call options at premiums of £10 and £11 in August at a £120 striking price just after the opening when August futures were quoted at just under £119 a tonne. Most put options were unquoted while December and March options were untraded.

Previous London option trading has been confined to non-transferable options. Dealers hope the sugar traded options will offer greater flexibility.

● THE IRISH Dairy Board may take Britain to the European Court over a claim that dairy products prices are unfairly subsidised out of excessive profits on liquid milk. Mr Brian Joyce, the board's chief executive, claimed in London yesterday that Ireland was losing £30m worth of exports a year as a result.

● EVIDENCE of new consumer demand for tungsten suggests that real consumption is running ahead of availability, says the Primary Tungsten Association.

● THE FUTURE of Britain's rarest sheep breed, the Portland—now down to only 86 breeding ewes—has been safeguarded by arrangements between the Rare Breeds Trust and Ciba-Geigy.

● FUNGUS has infested more than 1,000 hectares of rice farms in the Philippines. No estimate of damage is available yet.

● *SOVIET FARMS have fallen* far behind in preparing soil chemically for planting spring crops, Pravda said Soviet leaders have in the past blamed poor fertilising for a series of disappointing grain harvests.

Farmers question validity of Ministry income figures

Richard Mooney looks at the realities behind the statistics

THE MINISTRY of Agriculture's announcement last week that British farmers' incomes rose 45 per cent last year brought a predictable response from the country's recession-hit populace.

The public outcry against the "feather-bedding" of farmers has been matched, however, by a chorus of disbelief from farmers in many sectors.

In particular, the figure has come as a shock to pig producers, who claim that things are so bad in their market that they need special Government aid to keep them afloat.

The 45 per cent figure is based on net farming income. On a pre-interest basis the rise is 35 per cent, and if labour and rent charges are ignored as well the rise is reduced to 21.9 per cent.

This "net product" basis was used by the European Commission in calculating the estimated change in national farm incomes of EEC members last month. At 21.5 per cent its figure for the UK rise accords closely with the Ministry figure.

This puts the UK around the middle of the EEC price table, which is headed by Denmark with a 33 per cent rise and propped up by the Netherlands with a rise of only 9 per cent.

The Ministry of Agriculture White Paper does not give a sectoral split for estimated 1982 income increases but it does include a section giving the changes between the 1980-81 and 1981-82 seasons.

This contains some even more alarming figures, none more so than the 454 per cent rise in the earnings of lowland livestock farmers in Northern Ireland. Closer inspection reveals, however, that farms in this sector managed to earn £703 on average in 1980-81 and last year's giant rise took the average to only £3,896.

All the 100 per cent plus increases registered in this section refer to farms in Northern Ireland and Scotland, which had a far from happy time in 1980-81.

The bulk of UK farmers admit they did have a good year in 1982. But they are quick to point out their earnings were in real terms still 30 per cent below the bumper returns received in 1976.

Last year's improvement was aided, they say, by a 10.7 per cent rise in EEC guarantee prices, falling interest rates and further productivity improvements.

But by general agreement the hero of the year was the weather. Near-perfect conditions brought a record cereals harvest, bumper dairy yields, reduced livestock feeding costs and an early lambing.

Mr John Maiklem, who keeps 140 dairy cows in Sussex, thought the Ministry's 45 per cent figure was probably a fair reflection of his profits increase in 1982. "But a 45 per cent increase on what I made in 1981 is still not very impressive," he said.

Mr Maiklem said he made a loss in 1980-81, which was a "disastrous" year for silage making, and had to borrow heavily. A small profit in the following year was due mainly to allowance for stock appreciation and the 1982 rise left him with a "very, very modest profit," he said.

"I'd be better off selling up and putting the money into gilt-edged stock."

Mr Sydney Fawcett, who breeds lambs from a flock of 800 ewes in Yorkshire, had the best lambing he could remember, but he still thought his profit was up by only about 5 per cent. He too was burdened with debts incurred after lamb production had been hit by the hard winter of 1979.

Last year was the first in which the full benefit of the new EEC lamb price guarantee regime had been felt and Mr Fawcett thought this was not before time. "Until recently we had always been bottom of the farming pile."

The sector most obviously benefiting from last year's weather was cereals, but Mr Colin Passmore, who grows 600 acres of wheat and barley on the South Downs, thought his profit was only up by about 20 per cent.

Apart from the weather his returns had been helped by lower oil and fertiliser prices and reduced interest charges.

"I am quite used to my income varying by up to 50 per cent a year," *said Mr Passmore.* "Normally the trend averages out but last year it seems everybody had a good year at once."

One farmer who would not agree with this statement is Mr Jim Blanchard, who runs a 10,000-head-a-year pig unit in Oxfordshire.

He said 1982 had promised to be a goodish year. "But everything started to go wrong since November." With market prices down about 10p a kilo and feed costs up about 10 per cent because of the slump in sterling all pig producers were losing money, he claimed.

Sterling's weakness had priced imported grain substitutes such as tapioca off the market forcing compounders to use expensive EEC barley.

Meanwhile the hot weather and plentiful lamb supplies had cut pork consumption. "Returns were definitely well down in 1982," Mr Blanchard said.

According to Mr Basil Carver of Devon, things have not been any better in the eggs and poultry sector. He estimated he made only £200 last year out of the 130,000 pullets reared in his unit instead of the targeted £6,500. Egg production was also losing money, he said. Size three eggs were fetching about 29p a dozen at the farm gate against total production costs of 47p a dozen.

He thought the sector was experiencing its worst losses for at least 20 years and that many operators were nearing bankruptcy.

Annual Review of Agriculture 1983, HMSO, price £5.55.

ESTIMATED INCOME RISES FOR EEC FARMERS IN 1982

Denmark	+33%
Luxembourg	+29.9%
France	+25.8%
Greece	+24%
UK	+21.5%
W. Germany	+18.7%
Ireland	+17.4%
Belgium	+10.2%
Italy	+10.3%
Netherlands	+ 9%

Source: EEC Commission

Figures based on net farm income before interest, labour and rent charges.

Guernsey growers switch to heavy oil

FINANCIAL TIMES REPORTER

MORE THAN 40 Guernsey growers have switched to heavy fuel oil (3,500/4,000 sec.) for glasshouse heating in place of the more expensive light oil (200 sec.) generally used by the *industry.*

To overcome supply problems, negotiations are almost finished to set up a grower-controlled co-operative, Guernsey Fuel Oils, to import and market the heavy oil.

The venture is being backed by four merchant banks and is being mounted with the assistance of Total Great Britain's local subsidiary, Total (Sarnia).

The major oil companies supplying Guernsey's horticultural industry have always insisted that heavy oil was unsuitable for the island's glasshouses and have been unwilling to make any arrangements to import it.

Local growers were able to experiment with the conversion of boilers to heavy oil only by buying it from the electricity board.

A Government loan subsidy has now been introduced to help growers to convert their boilers, and it is expected that up to 5,000 tonnes of heavy oil will be needed this season.

Aid for Mozambique

BY OUR OWN CORRESPONDENT

ZIMBABWE HAS offered 25,000 tonnes of maize to Mozambique to help alleviate the effects of drought.

The gift was announced in a message from Zimbabwean Prime Minister Mr Robert Mugabe to President Samora Machel. It was delivered by Zimbabwean Minister of State Emmerson Munongagwa.

Last month the Mozambican authorities appealed for international aid to help 4m Mozambicans who are suffering the effects of the worst drought in 50 years.

After receiving the message, President Samora said the Zimbabwean gift was particularly significant because Zimbabwe is also suffering from drought.

The Mozambican leader thanked the people of Zimbabwe and their government for "sharing at this moment the suffering of our people

PRICE CHANGES

In tonnes unless stated otherwise	Mar. 1 1983	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/810
Free Mkt.	$1816/1846	......	$1170/1280
Copper			
Cash h grade	£1084	+2	£1085.75
3 mths	£1117.75	+5.5	£1097.75
Cash Cathode	£1067	+6.5	£1038.5
3 months	£1098.20	+7.75	£1068.75
Gold troy oz	$418.5	+5.5	$507.5
Lead Cash	£291.75	−0.25	£304.5
3 months	£303.625	+0.125	£310.75
Nickel	£4384	......	£4384
Free mkt.	197/227c	......	176/208c
Palladium	$99.75	+0.75	$138.25
Platinum	£264.75	+6.10	£316.95
Quicksilver†	$330/340	......	$335/345
Silver troy oz	708.20p	−60.0	940.00p
3 mths	728.70p	−60.35	966.20p
Tin cash	£8748.0	+18.5	£8282.0
3 month	£8742.5	+19.5	£8276
Tungsten	$84.55	......	$90.21
Wolfram 22.04 lb	$82/86	......	$78/82
Zinc Cash	£440.5	+2.0	£462.5
3 mths	£452.20	+2.75	£478.75
Producers	$780-808	......	$800

	Mar. 1 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$460z	−5	$447.5
Groundnut	$440z	......	‡
Linseed Crude	£312	......	£328
Palm Malayan	$570x	......	$375
Seeds			
Copra Philip	$310y	......	$305
Soyabean (U.S.)	$233.5	−0.25	$264.5
Grains			
Barley Fut. May	£120.85	+0.35	£118.30
Maize	£150.50	+0.5	£146.50
Wheat Fut. May	£135.60	+0.65	£126.85
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1846	+50	£1349
Fut. May	£1309.5	+45	£1007.5
Coffee Ft. May	£1649.5	+25	£1594.5
Cotton A. Index	75.90c	+0.35	72.75c
Gas Oil Apr.	$226	+0	$250.75
Rubber (kilo)	71p	+2	58.5p
Sugar (Raw)	£104y	−1	£103
Wooltops 64s	405p kilo	......	499p kilo

‡ Unquoted. x April. y March-April. z Feb-March. † Per 76-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.20-28.28	−0.05
Iranian Light	28.50-27.00	−0.25
Arabian Heavy	26.20-26.25	−0.20
North Sea (Forties)	27.70-27.80	−0.05
North Sea (Brent)	28.00	+0.05
African (Bonny Lt)	28.00-28.66	−0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	263-268	—
Gas oil	231-237	+1.5
Heavy fuel oil	152-156	+2.5

Prices opened slightly higher and steadied throughout most of the day in quiet conditions on indications of the likelihood of an Opec meeting in a few days' time. U.S. selling caused prices to dip on the close, reports Premier Man.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
March	234.50	+6.00	234.00-28.50
April	230.00	+6.00	227.00-20.00
May	221.25	+6.00	225.00-17.00
June	220.00	+5.75	222.25-16.00
July	220.00	+5.50	222.00-15.50
Aug	221.70	+5.25	220.00-16.00
Sept	223.00	+5.00	228.00-18.50
Oct	226.00	+4.85	228.00-21.50
Nov	227.00	—	—

Turnover: 9,217 (2,784) lots of 100 tonnes.

GOLD MARKETS

Gold rose $5½ to $418-419 in calmer *trading on* the *London* bullion market. The metal fell below $390 in Hong Kong, but recovered towards the close, and opened in London quite firm at $403-405. This was the lowest level of the day however, and gold soon advanced to $414.50 at the morning fixing. It was fixed at $414.00 in the afternoon, and touched a peak during the day of $419-420.

In Frankfurt the 12½ kilo gold bar was fixed at DM 32,460 per kilo ($413.70 per ounce), compared with DM 32,920 ($423.03), and closed at $414-415.

In Paris the 12½ kilo bar was fixed at FFr 93,250 ($418.52) in the morning, compared with FFr 95,000 ($430.54) Monday afternoon.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $414 per ounce, compared with $420.0.

In Zurich gold finished at $414½-416½, against $409-412.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
March	410.00-0.50	+1.250	—
April	419.00-8.40	+1.650	424.00-14.0
May	421.50-2.50	+0.500	—
June	425.70-6.00	+2.550	428.50-20.8
July	428.00-8.80	+0.960	428.00
August	431.50-8.00	+2.750	—
Sept	435.00-6.00	+1.600	—

Turnover: 1,316 (3,719) lots of 100 troy ounces.

	Mar. 1		Feb. 28	
Gold Bullion (fine ounce)				
Close	$418-419	(£277¼-278)	$412-414	(£272¼-273½)
Opening	$403-405	(£267-268¼)	$416-420	(£275-278¼)
Morning fixing	$414.50	(£274.740)	$419.75	(£270.607)
Afternoon fixing	$414	(£274.408)	$408.50	(£269.010)

Gold Coins Mar. 1					
Krugrnd	$430-431½	(£286-287)	King Sov	$99-101	(£65½-67)
½ Krg	$221½-222½	(£147¼-148)	Victoria Sov	$99-101	(£65½-67)
¼ Krg	$110-114	(£75¼-75¾)	French 20s	$94½-97	(£63-64¼)
1/10 Krug	$46-47	(£30½-31¼)	50 pesos Mex	$500-505	(£332½-335)
Mapleleaf	$409-430	(£284½-286)	100 Cor. Aust	$400-406	(£266-269)
New Sov	$98-99½	(£65¼-66¼)	$20 Eagles	$570-590	[illegible]

EUROPEAN MARKETS

[illegible]

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. COPPER initially dropped to £1100 following the *sell-off in overnight U.S. markets,* but rallied strongly to touch £1121.5 before closing the late kerb at £1114.5; the market continued to be dominated by movements in precious metals. LEAD and ZINC were finally £302 and £456 respectively while buffer stock support lifted TIN, three months, to £8750. ALUMINIUM remained erratic, closing at £894.5 while NICKEL was finally £2980.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	1071.5-2	−21.3	1083.5-4.5	+2
3 months	1105-.5	−25.5	1117-.8	+5.5
Settlem't	1072	−37	—	......
Cathodes				
Cash	1050.5-1	−25.5	1066.5-7.5	+6.5
3 months	1082-3	−25.5	1098-.5	+7.75
Settlem't	1051	−28	—	
U.S. Prod.	—	—	*79-83	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1071.50, three months £1100.00, 05, 04, 05, 0.00, 05.50, 05, 06, 05.50, 06, 05.60. Cathodes: Cash £1051.00, three months £1080, 82. Kerb: Higher Grade: Three months £1106, 05.50, 05, 06, 05.50, 05, 05, 07, 08. Afternoon: Higher Grade: Three months £1121, 20, 20.50, 21, 21.50, 21, 20.50, 21, 21.50, 21, 20.50, 20, 19.50, 19, 18, 19, 18.50, 18, 17.50, 17, 18, 18.50. Cathodes: Three months £1097, 98. Kerb: Higher Grade: Three months £1115, 18, 17, 18, 17, 18.50, 19, 17, 16, 15, 14, 11. Turnover: 32,975 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	8739-40	+7	8740-0	+18.0
3 months	8750-5	+3.5	8740-5	+19.5
Settlem't	8740	+0	—	......
Standard				
Cash	8739-40	+7	8740-5	+19.5
3 months	8750-5	+0.5	8740-5	+19.5
Settlem't	8740	+0	—	......
Straits E.	$29.58	+0.05	—	......
New York				

Tin—Morning: Standard: Cash £8740, 39, three months £8740, 35, 39, 40, 35. Kerb: Standard: Three months £8735. Afternoon: Standard: Three months £8740, 39, 40. Standard: Kerb: Three months £8745, 50. Turnover: 1,715 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	289.5-90	−3.75	291.5-2	−.25
3 months	301-.2	−8.5	303.5-.75	+.125
Settlem't	290	−5.5	—	......
U.S. Spot	—	......	*28.0-0.4	......

Lead—Morning: Cash £289.50, three months £301.50, 01, 01.50, 02, 04, 05, 02. Kerb: Three months £302. Afternoon: Three months £303, 04, 04.50, 04, 03.50. Kerb: Three months £303, 02. Turnover: 10,925 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	438-9	−1.25	440-1	+2.5
3 months	452.5-3	−9	453-.0	+2.75
Settlem't	439	−1	—	......
Primw'ts	—	......	*40-.75	......

Zinc—Morning: Three months £451, 01.50, 52, 53, 52.50. Kerb: Three months £452.50, 53, 53.50. Afternoon: Three months £454, 55, 54, 54.50, 55. Kerb: Three months £454, 53.50, 53. Turnover: 12,125 tonnes.

ALUMINIUM

[illegible]

NICKEL

[illegible]

three months £2945, 40, 35, 30, 25, 20, 22, 25, 30. Kerb: Three months £2930, 35, 40. Afternoon: Three months £2960, 65, 70, 75, 70, 65, 67, 68, 67. Kerb: Three months £2965, 63, 61, 60. Turnover: 2,152 tonnes.

SILVER

Silver was fixed 60p an ounce lower for spot delivery in the London bullion market yesterday at 708.2p. U.S. equivalents of the fixing levels were: spot $10.68, down $1.02; three-month $10.92, down $1.027; six-month $11.124, *down* $1.074; and 12-month $11.585, down $1.103. The metal opened at 685-695p ($10.36-10.50) and closed at 719-722p ($10.85-10.90).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	708.25p	−60.0	709.5p	−21
3 months	728.70p	−60.3	730.5p	−25
6 months	745.50p	−63.5	—	......
12 months	779.50p	−64.5	—	......

LME—Turnover 283 (347) lots of 10,000 ozs. Morning: Cash 715.0; three months 725.0, 26.0, 32.0, 30.0, 29.0, 30.5, 31.0, 30.5. Kerb: Three months 731.0, 32.0. Afternoon: Cash 727.0, 729.0; three months 743.0, 45.0, 48.0, 50.0, 51.0, 52.0, 51.0, 50.0, 48.0, 48.0, 33.0, 30.0, 32.0, 31.0, 31.5, 31.0. Kerb: Three months 732.5, 33.0, 31.0, 36.0, 35.0, 33.0.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.0 per cent, $ per tonne, in warehouse 1985/2150.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse 1.50/1.70.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 0.85/0.95, sticks 0.90/1.00.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse 5.35/5.55.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 330/343.

MOLYBDENUM: European free market, canned molybdic oxide, $ per pound Mo, in warehouse 3.55/3.75.

SELENIUM: European free market, min 99.5 per cent, $ per pound, in warehouse 3.35/2.65.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif 80/83.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources $ per lb V_2O_5.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,750.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per pound, tonne lots, ex-warehouse 2.30.

COBALT, World, Zaire: Sozacom, $ per pound, 12.50.

NICKEL: World, Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per pound U_3O_8 21.50.

VANADIUM: Highveld fused min 98 per cent V_2O_5, $ per pound V_2O_5, cif 2.40.

ZINC: GDB producer basis, $ per tonne 750.

COCOA

Following a fully steady opening futures held these levels throughout the day and closed on a firm note, reports Gill and Duffus.

[illegible]

COFFEE

Trade and commission house buying in moderate volume influenced a steadier opening, reports Drexel Burnham Lambert. Gains were extended in quiet conditions on further commission house support but the advance, lacking in follow-through buying, was somewhat restricted.

COFFEE	Yesterday's Close	+ or —	Business Done
March	1689-85	+28.5	1688-70
May	1648-50	+25.0	1652-30
July	1538-40	+26.5	1540-25
Sept	1486-87	+10.5	1487-77
Nov	1447-48	+17.0	1450-43
January	1405-07	+10.5	1404
March	1575-80	+10.0	1380

Sales: 2,515 (3,410) lots of 5 tonnes.

ICO indicator prices for Feb 28 (U.S. cents per pound). Comp. daily 1979 121.88 (122.74); 15-day average 124.59 (124.72).

GRAINS

Business done—Wheat: Mar 132.80-2.50, May 135.85-5.30, Jul 137.70-7.40, Sept 117.50-7.25, Nov 119.95-0.75, Jan 123.25-3.00. Sales: 582 lots of 100 tonnes. Barley: Mar 110.05-9.75, May 121.00-0.85, Sept 111.20-1.00, Nov 114.45-4.15, Jan 111.75-7.45. Sales: 213 lots of 100 tonnes.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Mar	132.80	+0.80	110.05	+0.50
May	135.60	+0.65	100.85	+0.65
July	137.10	+0.45	—	—
Sep	117.50	+0.50	111.20	+0.45
Nov	119.90	+0.50	114.40	+0.45
Jan	123.25	+0.65	117.15	+0.50

HGCA—Locational ex-farm spot prices. Feed barley: S. East 119.80, S. West 119.70, W. Mids 119.70, N. West 119.80. The UK monetary coefficient for the week beginning Monday March 7 (based on HGCA calculations using five days exchange rates) is expected to remain at 1.010.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent May 121.75, June 122, July 122.50 transhipment East Coast sellers. Maize: French March 150.50 transhipment East Coast seller; South African White April 112.75 seller. Barley: English feed fob March 122, April-June 124.50, Sept 112.25 sellers East Coast. Rest unquoted.

POTATOES

Both April and May opened easier, but profit-taking on April held prices steady while May found less support, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
April	70.70	70.10	70.70-69.50
May	77.50	71.90	77.40-76.50
Nov	68.00	67.80	—
Feb	77.10	77.50	—

Turnover: 542 (548) lots of 40 tonnes.

RUBBER

The London physical market opened easier, traded in unsettling conditions and closed steadier. Lewis and Peat reported a March fob price for No. 1 RSS in *Kuala Lumpur* of 228.0 (229.0) cents a kg and SMR 20 216.5 (212.5).

No. 1 R.S.S.	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Apr	695-710	695-710	—
May	705-712	690-697	—
Apl-Jne	705-709	689-690	702-697
Jly-Sept	734-735	708-709	758-710
Oct-Dec	756-758	729-730	709-746
JanMch	780-789	752-753	783-773
Apl-Jne	802-805	776-778	—
Jly-Sept	826-828	800-803	—
Oct-Dec	847-851	826-830	—

Sales: 274 (792) lots of 15 tonnes, nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: spot 71.00p (69.00p); April 73.00p (71.25p); May 73.50p (72.25p).

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE—Raw sugar £104.00 (£105.00) a tonne cif March-April shipment. White sugar £139.00 (£140.00).

The market was confined within a narrow range in quiet trading conditions, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
May	110.25-18.30	109.40-05.50	111.45-09.00
Aug	118.10-18.15	117.50-17.65	118.50-17.00
Oct	124.50-24.40	124.10-24.25	125.75-24.00
Dec	129.75-30.25	129.50-30.00	131.00-30.00
March	139.00-39.75	139.25-39.75	140.25-38.50
May	141.00-44.00	141.00-44.00	—

Sales: 2,029 (5,452) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.50 (same) a tonne for home trade and £209.00 (£210.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Feb 28: Daily price 5.04 (5.31); 15-day average 6.46 (6.52).

INDICES

FINANCIAL TIMES

Feb. 28	Feb. 25	M'th ago	Y'ar ago
256.25	259.93	255.45	240.94

(Base: July 1 1952 = 100)

REUTERS

Mar. 1	Feb. 28	M'th ago	Y'ar ago
1690.5	1690.8	1667.8	1593.6

(Base: September 18 1931 = 100)

MOODY'S

Feb. 28	Feb. 25	M'th ago	Y'ar ago
1025.4	1061.8	1064.2	988.2

(December 31 1931 = 100)

DOW JONES

Dow Jones	Feb. 28	Feb. 25	Month ago	Year ago
Spot	150.08	145.17	140.57	134.31
Fut'rs	140.58	143.08	151.56	129.85

(Base: December 31 1974 = 100)

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 353, 370, 369; May 380, 390, 384-380; Aug 404, 406, 407-403; Oct 411, 413, 414-411; Dec 419, 427, nil; Jan 423, 429, 429-425; March 428, 435, 430; May 437, 447, nil; Aug 448, 452, nil. Sales: 61.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 532.5, 534.5, 533.5-529.0; May 548.5, 548.0, 549.0-546.0; July 563.0, 563.0, 564.0-562.0; Oct 551.0, 551.0, 552.5-551.0; Dec 559.0, 560.5, 559.5-557.0; March 567.0, 568.0, 569.0-568.0; May 572.5, 578.0, untraded; July 580.0, 590.0, untraded. Sales: 219.

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 91.73p per kg lw (−1.39). GB—*Sheep* 170.54p per kg est dcw (−9.55). GB—Pigs 65.47p per kg lw (+0.48).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 77.1 to 83.2; Ulster hindquarters 80.5 to 94.0, forequarters 60.3 to 62.0. Veal: Dutch hinds and ends 135.0 to 138.5. Lamb: English small 81.0 to 86.0, medium 73.0 to 81.0, heavy 56.0 to 70.0; Imported: New Zealand PL new season 63.3 to 63.9, old season 49.5 to 50.0, PM 48.0

[illegible]

COTTON

[illegible]

AMERICAN MARKETS

NEW YORK, March 1

A somewhat better psychology prevailed as the massive liquidation seemed to taper off. Cautious buying based on technical considerations brought light interest. Precious metals, however, finished the day sharply lower again, with silver limit-down, after selling was triggered by Comex's new deposit requirements. Heating oil by contrast closed strong in anticipation of a compromise solution at the Opec meeting; technical and trade buying emerged late in the day carrying prices to new highs. Cotton rallied in the nearby months in a sustained upside momentum which indicated a major cyclical bottom. Cocoa prices recovered on commission house buying stimulated by reports of a lower than expected mid-crop in the Ivory Coast. Coffee *rallied moderately on steady* trade support of current values in the cash market and on fears of a spreading military conflict in Central America. Late commercial selling in grains and soyabeans could not overcome the basic underlying strength in the markets, reported Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	1765	1765	1740	1704
May	1808	1808	1775	1740
July	1835	1835	1806	1762
Sept	1860	1855	1838	1793
Dec	1878	1878	1858	1813
March	1901	1901	1881	1838
May	1915	1910	1916	1863

COFFEE "C" 37,000 lb. cents/lb

	Close	High	Low	Prev
March	125.86	125.95	124.60	125.05
May	122.32	122.45	120.35	120.12
July	128.29	120.50	119.10	118.61
Sept	119.68	118.74	118.25	111.76
Dec	116.75	117.00	115.50	110.33
March	113.50	113.75	112.10	112.00
May	110.75	109.50	109.50	109.25
July	108.32	—	—	105.75

COPPER 25,000 lb. cents/lb

	Close	High	Low	Prev
March	75.00	76.00	74.60	73.65
April	75.55	76.00	75.60	74.40
May	76.30	77.30	75.00	75.20
July	77.75	78.90	77.30	76.70
Sept	79.00	80.30	78.70	78.00
Dec	80.50	82.00	80.30	79.60
Jan	81.10	82.70	80.95	80.10
March	82.10	83.60	81.80	81.10
May	83.10	84.10	82.90	82.10
July	84.10	88.60	83.90	83.10

COTTON 50,000 lb. cents/lb

	Close	High	Low	Prev
March	71.30	71.30	70.25	70.45
May	71.10	71.69	70.50	71.20
July	70.70	71.25	70.42	71.07
Oct	68.40	68.95	68.36	68.85
Dec	68.08	68.70	67.90	68.80
March	69.25	70.10	69.50	70.20
May	70.45	70.70	70.70	71.00
July	71.50	—	—	71.50

GOLD 100 troy oz. $/troy oz

	Close	High	Low	Prev
March	412.4	421.0	411.0	400.5
April	415.0	424.0	412.0	423.7
May	418.0	—	—	427.1
June	421.0	430.0	418.0	430.0
August	427.3	437.0	424.0	437.8
Oct	433.8	442.5	431.0	445.4
Dec	440.8	450.0	437.0	453.4
Feb	441.4	455.0	444.0	461.5
April	454.5	463.0	449.0	469.9
June	461.8	463.0	457.0	478.2
August	469.3	—	—	486.5
Oct	477.0	480.0	473.0	495.2
Dec	484.8	492.0	483.0	504.1

HEATING OIL 42,000 U.S. gallons.

	Latest	High	Low	Prev
April	72.25	72.59	70.90	70.32
May	70.42	70.62	69.10	68.62
June	70.25	70.25	68.00	68.30
July	70.25	70.33	69.00	68.60
August	70.40	70.50	69.70	69.70
Sept	72.00	73.00	72.00	70.25
Oct	72.00	—	—	71.00
Nov	72.70	72.80	72.35	71.70
Dec	73.40	73.50	72.75	72.25

PLATINUM 50 troy oz. $/troy oz

	Close	High	Low	Prev
March	398.8	401.0	380.0	364.7
April	398.0	402.0	385.0	396.3
July	393.1	408.0	388.0	401.3
Oct	400.1	411.0	392.5	408.3
Jan	407.9	418.0	396.0	415.8
April	415.1	430.5	415.5	423.3

SILVER 5,000 troy oz. cents/troy oz

	Close	High	Low	Prev
March	1030.0	1095.0	1015.0	1030.0
April	1075.0	1100.0	1075.0	1175.0
May	1087.0	1112.0	1087.0	1187.0
July	1109.8	1132.0	1109.8	1209.9
Sept	1132.0	1145.0	1132.0	1232.9
Dec	1166.6	1180.0	1166.5	1266.6
Jan	1178.0	1178.0	1178.0	1278.0
March	1200.8	1200.8	1200.8	1300.8
May	1223.8	1223.8	1223.8	1323.0
July	1240.4	—	—	1346.4

SPOT PRICES—Chicago loose lard 17.50 (same) cents per pound. Handy and Harman silver bullion 1062.5

[illegible]

SUGAR WORLD "11" 112,000 lb. cents/lb

	Close	High	Low	Prev
May	0.18	6.32	5.18	6.32
July	0.47	6.60	9.45	0.56
Sept	0.85	6.94	0.80	6.90
Oct	7.08	7.21	7.06	7.15
March	8.10	8.24	8.08	6.28
May	8.35	8.47	8.41	8.40
July	8.63	9.89	8.87	8.65

CHICAGO

LIVE CATTLE 40,000 lb. cents/lb

	Close	High	Low	Prev
April	64.77	65.20	64.50	64.57
June	65.27	65.85	65.00	65.27
August	63.32	64.05	63.10	63.42
Oct	61.05	01.65	50.85	61.02
Dec	61.95	62.50	91.60	62.05
Feb	61.95	62.30	61.90	62.00

LIVE HOGS 30,000 lb. cents/lb

	Close	High	Low	Prev
April	52.30	52.35	51.70	01.35
June	54.67	54.82	54.30	54.07
July	54.85	54.95	54.40	54.22
August	53.07	53.27	52.70	52.70
Oct	48.47	48.50	48.00	48.47
Dec	48.25	48.40	46.00	48.15
Feb	48.65	48.60	48.05	48.15
April	47.00	47.00	46.90	46.85

MAIZE 5,000 bu min. cents/56lb-bushel

	Close	High	Low	Prev
March	274.0	275.2	273.2	272.4
May	283.0	285.0	283.0	281.4
July	290.0	290.4	288.4	287.2
Sept	286.0	287.4	285.0	283.4
Dec	285.0	286.4	283.4	281.4
March	294.4	295.4	293.0	290.6
May	301.4	302.4	297.4	296.2

PORK BELLIES 38,000 lb. cents/lb

	Close	High	Low	Prev
March	73.35	73.95	72.60	73.12
May	74.67	75.15	73.70	74.25
July	74.17	74.90	73.50	73.92
August	72.17	72.95	71.90	72.02
Feb	62.82	64.00	62.55	62.50
March	61.82	62.95	61.90	61.42
May	62.62	63.40	62.82	62.42
July	63.30	63.40	62.95	62.90

SOYABEANS 5,000 bu min. cents/60lb-bushel

	Close	High	Low	Prev
March	561.0	566.2	501.0	558.4
May	578.4	582.2	577.4	575.4
July	591.0	595.0	590.4	588.0
August	595.4	599.4	594.4	593.0
Sept	598.0	602.0	598.0	594.0
Nov	610.0	613.0	609.0	607.0
Jan	621.4	624.0	621.4	619.4
March	634.4	631.0	634.0	632.4
May	645.4	648.4	645.0	644.0

SOYABEAN MEAL 100 ton, $/ton

	Close	High	Low	Prev
March	168.5	170.3	168.0	166.6
May	172.7	174.5	172.5	171.4
July	175.5	177.5	175.8	174.6
August	170.2	179.5	177.5	176.5
Sept	178.0	181.0	170.2	178.2
Oct	187.0	182.0	100.5	[illegible]
Dec	185.5	186.5	185.1	184.0
Jan	187.5	188.5	187.0	186.3
March	193.0	193.5	192.5	193.5

SOYABEAN OIL 60,000 lb. cents/lb

	Close	High	Low	Prev
March	10.56	15.58	15.40	15.22
May	10.96	10.99	16.50	16.74
July	17.32	17.33	17.15	17.09
August	17.46	17.47	17.33	17.27
Sept	17.57	17.62	17.48	17.42
Oct	17.75	17.75	17.65	11.54
Dec	18.05	18.05	17.92	17.83
Jan	10.20	18.20	19.05	18.07
March	10.50	18.50	18.42	18.33

WHEAT 5,000 bu min. cents/60lb-bushel

	Close	High	Low	Prev
March	311.5	314.2	311.0	306.2
May	325.4	327.4	324.0	321.4

[illegible]

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982/83 High	Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
100⅝	92⅞	Treasury 9¼pc '83	99⅝	....	9.29	10.27
104⅝	96⅞	Exch. 13½pc '83	101¼	−⅛	13.27	10.81
101¼	91⅞	Exch. 10pc 1983	99	−⅛	10.04	10.51
98¼	87⅞	Funding 5½pc '82-84‡‡	97⅛	−⅛	5.66	8.95
103¼	41⅞	Exch. 11¼pc 1984	100⅝	−⅛	11.10	10.54
107¼	96¼	Exchequer 14pc 1984	103	−⅛	13.53	10.90
94½	81⅛	Exch. 3pc 1984	94⅛	....	3.10	7.62
105¼	91½	Treasury 12pc 1984	102½pd	....	11.75	10.49
112	96¼	Treasury 15pc 1985	106	−⅛	14.83	10.99
112¼	103¼	Exch. 12pc Cnv '85	103½pd	−⅛	11.64	10.28
91¼	73½	Treasury 3pc 1985	90¼	....	1.31	7.60
105½	87⅛	Treasury 11¼pc 1985	101	−¼	11.39	11.00
102	95½	Treas 8¼pcCnv '85	96¼	−⅞	9.04	18.23
107⅝	88⅝	Exch. 12¼pc 1985	102¼	−⅛	12.00	13.29
106⅝	86⅛	Exch. 11¾pc '86	101	−⅛	11.61	11.27
89½	69	Treasury 3pc 1986	87⅛	−⅛	3.43	7.49
107⅛	86¼	Treasury 12pc '86	101⅞	−⅛	13.78	11.27
100	80¼	Treasury 8¼pc '84-86‡‡	96	−¼	0.85	9.93
116¼	96⅛	Treas. 12¾pc '86 Cnv	106¼	−½	13.53	18.02
114	91⅞	Exch. 14pc 1986	107¼	−⅜	13.05	11.49
112	90	Exch. 13¼pc 1987	105⅝	−⅛	12.54	11.41
84	81⅛	Exchequer 2½pc 1987	84	....	2.98	7.28
103½	95⅞	Exch. 10½pc 1987	97⅞	−⅛	10.70	11.33
30⅝	29	Ex. 10½pc '87A (£30pd)	29¼	−⅛	10.74	11.19
93⅝	73⅞	Funding 6½pc '85-87‡‡	90⅝	−⅛	7.17	9.26
05¼	64½	Treasury 3pc 1987	83⅝	−⅛	1.59	7.46
109	85⅞	Treas. 12pc 1987	101⅞	−½	11.78	11.46
90	72½	Treasury 7¾pc '85-88‡‡	90⅛	−¼	8.54	10.19

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا أصل الأصل

INDUSTRIALS—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
64	15½	Inter-City 20p	32½	+½	—	—	—	—
147	158	[illegible]	170	−6	u4.0	1.8	3.4	23.6
210	145	Jacksons Bourne	165	......	5.0	3.1	4.3	10.7
32	19	James Inds. 10p	21	......	1.25	1.9	8.5	8.8
180	105	Jardine M HK$5	160	+2	d092c	2.3	5.6	7.0
48	13	Jenks & Cattell	26	−1	21.8	—	5.5	—
308	187	Johnson Clnrs.	303	......	t17.7	2.3	3.6	16.9
340	227	Johnson Mthy. £1	302	+4	10.0	1.9	4.7	(12)
274	98	Johnston Grp. 10p	273	......	4.8	6.2	2.1	10.8
92	64	Jourdan (T.) 10p	92	......	5.25	0.6	0.2	(21)
48	35	Kalamazoo 10p	41	......	2.5	0.9	9.0	11.7
212	135	Kelsey Inds.	200	−10	0.0	1.7	5.7	13.8
310	110	Kershaw (A.) 5p	125xd	......	15.0	♦	17.1	♦
55	36	Kleen-E-Ze Hlds.	52	......	t3.0	0.2	8.2	—
*66½	42½	L.C.P. Hlds	58	+2	3.6	8.6	8.9	(39)
110	39½	L.R.C. Int. 10p	107xd	......	t3.1	2.0	4.1	18.1
46	26	Lamtex	26	−1	—	—	—	—
440	277	Lep Group 10p	410	......	17.5	1.7	6.1	(12.8)
37	22	Lilleshall 10p	23	......	t2.5	—	‡	—
700	39	Lon. & Liv. 10p	405	−25	†2.45	2.4	0.9	59.0
116	78	London & M'd'd	115	......	7.75	1.1	9.6	(38)
62½	36	Lon. & Nthn. Grp.	57	......	†3.75	2.1	9.4	6.1
43	23	‡Lon. Priv. Health	38	......	—	—	—	19.0
10	3½	Long Hmbly. 10p	7½	......	—	—	—	—
65	36	Longton Inds.	53	−2	1.0	—	2.7	—
195	55	Low & Bonar 50p	84	......	†7.0	0.6	11.9	(28)
27½	14	M.Y. Dart. 10p	21	−½	‡h1.21	—	‡	—

[illegible]

LEISURE—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr
18½	13	GRA Group 5p	15½	......	—	—
62	32	Grampian TV A 10p	45	......	†3.25	3.0
172	107	HTV Non/Vtg.	158	−1	11.8	2.0
234	139	Horizon	203	−2	†n3.0	5.3
151	90½	Intasun 10p	124	−7	3.5	4.8
182	112	LWT "A"	158	−1	11.08	1.1
247	116	‡Leisure Inds.	200	−3	§6.0	3.0
152	64	Leisuretime Int 10p	147	−3	0.9	2.8
132	80	Mayfair Ag. M. 10p	115	−1	8.75	1.6
67	54	Medminster 10p	54	......	4.8	0.8
275	90	♥Nimslo Int 20c	98	......	—	—
185	33	Norton & Wrt. 10p	78	......	†d2.0	0.5
28	14	‡Owners Abroad	25½	......	u0.35	4.6
65	41	Photax (Lon.)	41	......	†3.5	5.8
153	80	[illegible]	135	−5	[illegible]	2.1
505	749	Pleasurama 5p	480	......	7.5	4.5
122	88	[illegible]	118	......	g5.6	1.6
*160	82½	Riley Leisure 10p	147	−1	24.1	1.7
179	84	Saga Hols. 20p	95	......	d3.73	—
445	125	Samuelson 20p	410	......	§d12.0	2.8
107	76	Scot. TV 'A' 10p	94	−1	†7.0	5.8
70	21	‡SelecTV 10p	58	−1	—	—
10	15	TSW 5p	15½	......	8.9	3.3
52	28	‡TVS N/Vtg 10p	35	......	—	—
100	55	Trid'nt TV 'A' 10p	77xd	−2	4.26	1.4
215	92	♥21st Century Dist	156xd	......	—	—
27½	15	Webb (Jos.) 5p	18	......	d0.51	0.3

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]							
		For Burma see Southwest Res					
135	27	♥Colby Res Corp.	90	......	—	—	—
485	170	Cons. Murch. 10c.	387	−3	†Q60c	1.9	‡
0	1½	‡‡Explaura Gold	4½	......	—	—	—
155	55	♥Highwood Res	140	−10	—	—	—
£40½	£25	Homestake Mng$1	£32	−2½	Q40c	—	0.8
495	160	Northgate C$1	388	−50	—	—	—
552	344	R.T.Z.	512	+0	16.0	1.6	4.5
£122	£84	[illegible]	£115½	......	Q9½%	23.9	18.3
33	11	♥Sabina Inds C$1	27	......	—	—	—
17½	12½	‡Southwest Res 70p.	13	......	—	—	—
530	270	♥Tara Exptn $1	430	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
- ‡ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

Albany Inv. 20p	49	......	Exch. 15pc 1983	£100¾	......
Bertrams	17#	......	Nat. 9¾% 84/89	£83¼	......
[illegible]					

OPTIONS

3-month Call Rates

[illegible]					
Brown (J.)	4	Mrks. & Spncr	16		
Burton Ord.	24	Midland Bank	30	Oils	
Cadburys	13	N.E.I.	9		
Courtaulds	8	Nat. West. Bank	30	Brit. Petroleum	26
Debenhams	8½	P & O Dfd.	14	Burmah Oil	12
Distillers	20	Plessey	50	Charterhall	5
Dunlop	5½	Racal Elect.	45	KCA	8
Eagle Star	36	R.H.M.	6	Premier	4
F.N.F.C.	4	Rank Org. Ord.	15	Shell	35
Gen. Accident	50	Reed Intnl.	26	Tricentrol	22
Gen. Electric	24	Sears	9	Ultramar	42
Glaxo	45	T.I.	13		
Grand Met.	25	Tesco	8	Mines	
G.U.S. 'A'	50	Thorn EMI	38	Charter Cons.	20
Guardian	35	Trust Houses	15	Cons. Gold	40
G.K.N.	15	Turner & Newall	4	Lonrho	8
Hawker Sidd	30	Unilever	65	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to improve

The dollar continued to improve in currency markets yesterday amid further speculation over oil prices. Fundamentals affecting the market were unchanged from Monday with little incentive to run short on dollars given the current unsettled conditions.

Sterling fell to an all time low against the dollar, attracting support from the Bank of England. It was also down against major European currencies although its trade-weighted index finished above its midday low.

DOLLAR — Trade-weighted index (Bank of England) 121.0 against 121.5 six months ago. The dollar is showing renewed strength as a safe haven for funds during a period of extreme uncertainty about the effects of falling oil prices on other currencies. U.S. interest rates have not fallen as sharply as once expected, partly because of the high level of Federal funding. These factors are tending to outweigh the present trade position and large U.S. balance of payments deficit.

The dollar closed at DM 2.4395 against the D-mark up from DM 2.4310 and improved in terms of the Swiss franc to SwFr 2.0645 from SwFr 2.0600. In terms of the Japanese yen it finished higher at Y238.70 from Y237.55 and FFr 6.9190 from FFr 6.8950.

STERLING — Trading range against the dollar in 1982-83 is 2.4940 to 1.5065 February average 1.5735. Trade weighted index 80.0 against 79.9 at noon and 80.1 in the morning and compared with 80.2 on Monday and 91.6 six months ago. Sterling has renewed its recent decline and is still very weak and vulnerable. Uncertainty about the level of world oil prices, despite the recent cut of $3 a barrel in North Sea values, is the major factor. Falling inflation, a decreasing budget deficit and good trade figures until recently have been ignored.

Sterling touched $1.5050 against the dollar, a level which seemed to attract central bank support. It closed at $1.5060-1.5070, a fall of 85 points and a record closing low. Against the D-mark it fell to DM 3.6775 from DM 3.6850 and SwFr 3.1125 from SwFr 3.1200. It was unchanged against the yen at Y360 but eased in terms of the French franc to FFr 10.4250 from FFr 10.4450.

D-MARK — Trading range against the dollar in 1982-83 is 2.4940 to 2.2410. February average 2.4260. Trade-weighted index 128.3 against 124.9 six months ago. The D-mark has been unsettled during the run up to Sunday's general election. Favourable trade figures and the lack of any cut in interest rates during the election campaign have helped to underpin the currency, although the recent move back into the dollar has depressed European currencies in general.

The D-mark was firm against most major currencies, but lost ground to the dollar at the Frankfurt fixing. The Bundesbank did not intervene when the dollar rose to DM 2.4406 from DM 2.4212, its highest level since February 7. Sterling fell to DM 3.6780 from DM 3.6850, and the Swiss franc to DM 1.1841 from DM 1.1843. The Danish krone improved, and the Italian lira was unchanged, but other members of the EMS lost ground to the D-mark at the fixing.

ITALIAN LIRA — Trading range against the dollar in 1982-1983 is 1,489.75 to 1,186.00. February average 1,397.86. Trade weighted index 53.1 against 53.4 six months ago. Large public sector borrowing as a result of a growing budget deficit has increased Italy's already considerable inflationary problem. Although weaker against the dollar, the Italian currency remains at the top of the EMS.

The lira showed mixed changes at the Milan fixing. The Bank of Italy purchased $8m of the $9.45m traded officially when the dollar rose to L1,409.30 from L1,398.55, but did not intervene when the D-mark rose to L577.80 from L577.49. The Swiss franc rose to L684.30 from L683.67, while sterling fell to L2,125.40 from L2,128.00.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	45.0184	+0.11	+1.62	±1.5501
Danish Krone ...	8.23400	8.12419	−1.33	+0.18	±1.6430
German D-Mark	2.33379	2.28481	−2.10	−0.59	±1.0888
French Franc ...	6.61387	6.47824	−2.05	−0.54	±1.3940
Dutch Guilder ...	2.57971	2.52751	−2.02	−0.51	±1.5004
Irish Punt ...	0.691011	0.688787	−0.32	+1.19	±1.6691
Italian Lira	1350.27	1320.66	−2.16	−1.26	±4.1389

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Mar. 1	£	$		£ Note Rates
Argentina Peso ..	90,809-91,009	60,280-60,330	Austria..	26.70-26.06
Australia Dollar..	1.5870-1.5900	1.0520-1.0025	Belgium	75.60-76.60
Brazil Cruzeiro	571.58-575.58	379.54-381.44	Denmark	13.03-13.10
Finland Markka..	8.1605-8.1790	5.4220-5.4240	France	10.38-10.48
Greek Drachma..	124.669-127.855	83.50-84.00	Germany	3.09¾-3.12¾
Hong Kong Dollar	9.07-9.98½	0.0170-0.0205	Italy	2095-2145
Iran Rial	128.40*	84.45*	Japan	359-364
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Selling rates

CURRENCY MOVEMENTS

Mar. 1	Bank of England Index	Morgan Guaranty Change %
Sterling	80.0	−40.0
U.S. dollar	121.0	+11.3
Canadian dollar	90.4	−17.1
Austrian schilling	100.5	+30.1
Belgian franc	93.0	−0.0
Danish kroner	83.3	−10.0
Deutsche mark	128.3	+55.0
[illegible]	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.719771	0.022101
U.S. $	8½	1.08627	0.930128
Canadian $	0.48	•	1.15068
Austria Sch	4¾	10.0070	10.0420
Belgian F	11½	52.1662	45.0184
Danish Kr	10	0.40014	8.12410
D mark	5	2.64871	0.28410
[illegible]	[illegible]	[illegible]	[illegible]

*CS/SDR rate for Feb 28: 1.33844.

THE POUND SPOT AND FORWARD

[illegible]

Belgian rate is for convertible francs. Financial franc 76.15-76.25. Six-month forward dollar 1.57-1.52c pm, 12-month 2.10-1.95c pm.

THE DOLLAR SPOT AND FORWARD

[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 50.52-50.62.

EXCHANGE CROSS RATES

Mar. 1	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.507	3.678	360.0	10.400	3.113	4.063	2105.	1.850	78.50
U.S. Dollar	0.664	1.	2.441	239.0	6.920	2.066	2.696	1410.	1.228	48.12
Deutschemark	0.272	0.410	1.	97.80	2.835	0.846	1.105	577.7	0.503	19.71
Japanese Yen 1,000	2.778	4.185	10.22	1000.	28.96	8.646	11.29	5901.	5.138	201.4
French Franc 10	0.959	1.443	3.528	345.3	10.	2.986	3.899	2036.	1.774	69.54
Swiss Franc	0.321	0.484	1.183	110.7	3.349	1.	1.306	680.6	0.594	23.29
Dutch Guilder	0.247	0.371	0.905	88.58	2.565	0.766	1.	522.0	0.455	17.84
Italian Lira 1,000	0.471	0.709	1.731	169.5	4.907	1.465	1.913	1000.	0.871	34.13
Canadian Dollar	0.541	0.815	1.988	194.0	5.637	1.683	2.198	1148.	1.	39.20
Belgian Franc 100	1.379	2.078	5.072	496.6	14.38	4.293	0.607	2930.	2.551	100.

FINANCIAL FUTURES

Little to go for

There seems to be a general feeling that the long-term gilt and short sterling interest rate contracts represent good buying opportunities at present price levels on the London International Financial Futures Exchange. But traders are obviously reluctant to get heavily involved in such uncertain conditions. Markets do not like indecision, and are awaiting with some concern further moves on oil prices. Expectations of lower oil prices have produced conflicting pressures, which are yet to be resolved.

These pressures generally involve the effects on inflation and the world banking crisis of a further sharp fall in the price of oil, but until this is settled many dealers appear to think that there is little to go for in the futures market.

The nervousness and uncertainty was reflecting in the narrow trading ranges on Liffe yesterday. The June gilt opened 4/32 lower at 101-20, and after moving between 101-26 and 101-11 finished at the opening level. Total volume in the three gilt dates was down to 1,232 from 1,857.

Total volume in the short sterling contracts was slightly higher at 607, compared with 583. June opened 10 points lower at 89.60 but closed only 5 points down at 89.65, while September opened 8 points off at 90.10, and finished 3 points lower at 90.15. Although the pound was seen to be under pressure against the dollar for most of the day, general sentiment remained fairly good. Market sources suggested that there was no sign of panic, and that hopes remain alive of a cut in London interest rates.

Eurodollar futures showed little change in quiet trading, with the opening of Chicago bringing no surprises to the market.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	91.29	91.30	91.14	91.28
June	91.13	91.10	91.09	91.10
Sept	90.88	90.90	90.86	90.90
Dec	90.66	90.70	90.63	90.69
March	90.29	—	—	90.35

Volume 1,192 (1,231)

Previous day's open int 2,939 (2,905)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

[illegible]

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

[illegible]

CERT. DEPOSIT (IMM) $1m points of 100%

[illegible]

STERLING £25,000 $ per £

[illegible]

SWISS FRANCS SwFr 125,000 $ per SwFr

[illegible]

JAPANESE YEN Y12.5m $ per Y100

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	78.04	78.09	77.05	77.10
June	77.18	77.22	76.10	76.22
Sept	76.31	77.03	76.30	76.03
Dec	76.14	76.18	75.10	75.18
March	76.[illegible]	76.04	75.05	76.06
June	75.23	75.25	74.28	74.28
Sept	75.12	75.12	74.20	74.20
Dec	75.05	75.05	74.13	74.13
March	74.31	74.31	74.10	74.07

U.S. TREASURY BILLS (IMM) $1m points of 100%

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

DEUTSCHE MARKS DM 125,000 $ per DM

[illegible]

STERLING (IMM) Se per £

[illegible]

GNMA (CBT) 8% $100,000 32nds of 100%

[illegible]

MONEY MARKETS

UK interest rates slightly firmer

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

UK interest rates were slightly firmer where changed yesterday in rather dull and uneventful trading. The Bank of England ensured a good supply of credit to the market with short term rates finishing well down. The market appeared to be reasonably relaxed given sterling's recent weakness with the longer term view still indicating a easier trend in rates some time later this year. Yesterday overnight interbank money opened at 11½-11¾ per cent and rose to 11¾-11⅞ per cent before coming back to 11½-11¾ per cent. Rates stood at 10½-11 per cent when the Bank of England forecast was revised for the second time and closing balances were taken as low as 1 per cent.

The Bank of England forecast a shortage of around £650m although this was later revised to £600m and then to £550m. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills −£225m and Exchequer transactions −£630m. On the other hand there was a fall in the note circulation of £90m. The Bank gave assistance in the morning of £657m, comprising purchases of £2m of eligible bank bills in band 1 (up to 14 days) at 11 per cent and £124m in band 2 (15-33 days) at 11 per cent. The bulk of the help was made up of sale and repurchase agreements on £531m of bills at 11-11 1/16 per cent. There was no further assistance given in the afternoon.

In Frankfurt call money was quoted at 6.025 per cent, up from 5.95 per cent on Monday as the market reacted to a DM 5.8bn drain as Bundesbank sale and repurchase agreements matured. On previous occasions such a short fall in funds has been made up by a further sale and repurchase package but the authorities' latest tactics have pushed call money back to around the Lombard rate of 6 per cent. However, commercial banks are well up with their central bank reserve requirements and the Bundesbank is expected to add liquidity when and where it feels necessary. Elsewhere longer term rates were mostly unaffected and recorded little change from Monday's levels.

LONDON MONEY RATES

[illegible]

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period February 2 to March 1 1983 (inclusive) 11.391 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11-11¼ per cent; four years 11¼-11½ per cent; five years 11½-11¾ per cent. ΦBank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 10¾-10 25/32 per cent; four month trade bills 11¼ per cent.

Approximate selling rate for one month Treasury bills 10 27/32-11 per cent; two months 10 27/32-11 per cent and three months 10¾-10 25/32 per cent. Approximate selling rate for one month bank bills 11 1-64th per cent; two months 10 31/32 per cent and three months 10⅞ per cent; trade bills 11 13/32 per cent; two months 11½ per cent and three months 11 5/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11½ per cent from March 1 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days' notice 8 per cent.

Treasury Bills: Average tender rate of discount 10.8430 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 11½ per cent; one-three month 11½ per cent; three-six month 11¼ per cent; six-12 month 11¼ per cent. Under £100,000 11 per cent from February 23. Deposits held under Series 3-5 11¼ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. MARCH 1)

3 month U.S. dollars		6 months U.S. dollars	
bid 8 13/16	offer 8 15/16	bid 8 15/16	offer 9 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	10½
Fed funds (lunch-time)	8½-8¾
Treasury bills (13-week)	7.93
Treasury bills (26-week)	7.93

GERMANY

Lombard	6.0
Overnight rate	6.025
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

FRANCE

[illegible]

JAPAN

[illegible]

SWITZERLAND

[illegible]

NETHERLANDS

Discount rate	4
Overnight rate	4 11/16-4 13/16
One month	4¼-4⅜
Three months	4¼-4⅜
Six months	4¼-4⅜

$ CERTIFICATES OF DEPOSIT

One month	8.40-8.50
Three months	8.45-8.55
Six months	8.60-8.70
One year	[illegible]

LONG TERM EURO $

[illegible]

SDR LINKED DEPOSITS

[illegible]

ECU LINKED DEPOSITS

[illegible]

Authorised Units—continued

[illegible]

Insurances—continued

[illegible]

Offshore and Overseas—continued

[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

[illegible]

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

[illegible]